

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the prospectus attached to this electronic transmission, and you are therefore advised to read this carefully before reading, accessing or making any other use of the prospectus. In accessing the prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER (AS DEFINED BELOW). THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

This prospectus has been delivered to you on the basis that you are a person into whose possession this prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

This prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of UNITE (USAF) II plc (the **Issuer**), HSBC Bank plc (**HSBC**), Lloyds TSB Bank plc (**Lloyds** and together with HSBC, the **Joint Lead Arrangers**) nor any other Bookrunner (as defined herein) nor any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from HSBC and/or Lloyds and/or the Bookrunners.

UNITE (USAF) II plc
(incorporated in England and Wales with limited liability under registration number 8528639)
£380,000,000 3.374 per cent. Commercial Mortgage Backed Notes due June 2028
(Issue Price: 99.993 %)

This document constitutes a prospectus (the **Prospectus**) for the purposes of Directive 2003/71/EC (as amended) (the **Prospectus Directive**) and/or the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) (the **Prospectus Regulations**). The Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**) as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to Irish Stock Exchange Limited (the **Irish Stock Exchange**) for the £380,000,000 3.374 per cent. Commercial Mortgage Backed notes due June 2028 (the **Notes**) of UNITE (USAF) II plc (the **Issuer**) to be admitted to the Official List and trading on its regulated market.

The Notes will be issued on 18 June 2013 or such later date as may be agreed by HSBC Bank plc and Lloyds TSB Bank plc (together, the **Joint Lead Arrangers**), Barclays Bank PLC and The Royal Bank of Scotland plc (together with the Joint Lead Arrangers, the **Bookrunners**), the Issuer and Capita Trust Company Limited (the **Note Trustee**, which expression shall include its successors and assignees and each person from time to time acting as note trustee under the Note Trust Deed) (the **Closing Date**). The primary source of funds for the payment of principal, interest and other amounts by the Issuer on the Notes will be the right of the Issuer to receive interest and principal repayments and (in respect of the first and subsequent Loan Interest Payment Dates) fees payable under the loan (the **Initial Issuer/Borrower Loan**) made by the Issuer to USAF Finance II Limited (the **Borrower**) on the Closing Date. The primary source of funds for payment of principal, interest and other amounts by the Borrower on the Issuer/Borrower Loans (including the Initial Issuer/Borrower Loan) will be the right of the Borrower to receive interest and principal repayments and (in respect of the first and any subsequent Loan Interest Payment Dates) fees payable under the loans (the **Intra-Group Loans**) made by an Obligor to another Obligor from time to time and from time to time will be the Limited Partnerships' right to receive rental payments, in respect of a portfolio of student accommodation and commercial properties (the **Property Portfolio**).

The Notes will be issued in bearer form, represented initially by a Temporary Global Note exchangeable into a Permanent Global Note (in each case, without Coupons attached) which will be deposited with a common depositary (the **Common Depositary**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) on the Closing Date. Save in certain limited circumstances, Notes in definitive form will not be issued in exchange for the Global Notes.

Interest on the Notes is payable by reference to successive interest periods (each an **Interest Period**). Interest will be payable quarterly in arrears on 31 March, 30 June, 30 September and 31 December in each year commencing on the Interest Payment Date occurring in September 2013 provided that: (i) the first Interest Period will commence on (and include) the Closing Date and end on (but exclude) the Interest Payment Date occurring in September 2013; (ii) the final Interest Payment Date will occur on 30 June 2028 (the **Final Maturity Date** unless the Notes are redeemed in full on or prior to 30 June 2023 (the **Expected Maturity Date**)); and (iii) the final Interest Period will commence on (and include) the Interest Payment Date falling on 31 March 2028 or 31 March 2023 (as applicable) and end on (but exclude) the Final Maturity Date or the Expected Maturity Date (as applicable). Interest on the Notes will accrue at an annual rate of 3.374 per cent. Payments of interest in respect of the Notes are further described herein and, in particular, in Condition 4 (*Interest*) of the terms and conditions of the Notes reproduced herein in the section entitled "*Terms and Conditions of the Notes*" (the **Conditions**).

The Notes will mature on the Final Maturity Date unless previously redeemed in accordance with the Conditions. In addition to repayment of the Notes on the Final Maturity Date, the Notes will be subject to mandatory redemption and/or optional redemption in whole or in part before the Final Maturity Date in certain circumstances, and subject to the terms and conditions, set out in the Conditions.

If any withholding or deduction for or on account of tax is applicable to the Notes, payments of interest on, and principal and premium (if any) of, the Notes will be made subject to any such withholding or deduction, without the Issuer, the Borrower or the Limited Partnerships being obliged to pay any additional or further amounts as a consequence thereof.

The Notes will be limited recourse obligations of the Issuer only and will not be guaranteed by, or be the responsibility of, any other person or entity. It should be noted, in particular, that the Notes will not be obligations of, and will not be guaranteed by, the Issuer HoldCo, the Borrower, the Limited Partnerships, the General Partners, the Nominees, the Obligor HoldCo, each Management Company, the Limited Partners, UNITE, any other member of the UNITE Group, the UNITE Fund, any unitholder in the UNITE Fund, the Operator, the Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee, the RCF Providers, the RCF Agent, the LF Providers, the Property Manager, the UNITE Rent Collection Company, the Obligor Cash Manager, the Obligor Account Bank, the Issuer Cash Manager, the Issuer Account Bank, the Joint Lead Arrangers, the Bookrunners, the Principal Paying Agent or the Corporate Services Provider (each as defined herein). The indebtedness of the Borrower (including under the Initial Issuer/Borrower Loan) will be secured over all of the assets and undertaking of each of the Limited Partnerships, the General Partners, the Nominees, the Obligor HoldCo and each Management Company, all as more particularly described below. The Notes will be secured over all of the assets and undertaking of the Issuer which will include its rights under the Initial Issuer/Borrower Loan and the security therefor, all as more particularly described below.

The Notes are expected on issue to be assigned an "A(sf)" rating by Standard & Poor's Rating Services, a division at Standard & Poor's Credit Market Services Europe Limited (**S&P**) and an "Asf" rating by Fitch Ratings Ltd (**Fitch** together with any other rating agencies appointed by the Issuer from time to time to provide credit ratings for the Notes and with S&P, the **Rating Agencies**). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. As of the date of this Prospectus, each of the Rating Agencies is established in the European Union (**EU**) and is registered under Regulation (EC) No 1060/2009 (as amended) (the **CRA Regulation**). As such each Rating Agency is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation. Particular attention is drawn to the section of this Prospectus entitled "*Risk Factors*".

JOINT LEAD ARRANGERS

HSBC

Lloyds

Barclays

BOOKRUNNERS

HSBC

Lloyds

The Royal Bank of Scotland

Prospectus dated 17 June 2013

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the accuracy of such information.

The Original LF Provider accepts responsibility for the information concerning itself contained in the section entitled "*Original LF Provider*". To the best of each such party's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information concerning itself in the relevant section is in accordance with the facts and does not omit anything likely to affect the accuracy of such information.

CB Richard Ellis (**CBRE**) accepts responsibility for the information set out in the sections entitled "*Key Characteristics of the Property Portfolio – Valuer*" and "*Property Portfolio – Cashflows and net income*" and for the Valuation Report contained in Appendix 1 to this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in the Valuation Report is in accordance with the facts and does not omit anything likely to affect the accuracy of such information.

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Issuer HoldCo, the Borrower, the Limited Partnerships, the General Partners, the Nominees, the Obligor HoldCo, the Management Companies, the Limited Partners, UNITE, any other member of the UNITE Group, the UNITE Fund, any unitholder in the UNITE Fund, the Operator, the Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee, the RCF Providers, the RCF Agent, the LF Providers, the Property Manager, the Obligor Cash Manager, the Obligor Account Bank, the Issuer Cash Manager, the Issuer Account Bank, the Joint Lead Arrangers, the Bookrunners, the Paying Agents or the Corporate Services Provider. Neither the delivery of this document nor any sale or allotment made in connection with the offering of any of the Notes shall under any circumstances constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Issuer HoldCo, the Borrower, the Limited Partnerships, the General Partners, the Nominees, the Obligor HoldCo, the Management Companies, the Limited Partners, UNITE, any other member of the UNITE Group, the UNITE Fund, any unitholder in the UNITE Fund, the Operator, the Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee, the RCF Providers, the RCF Agent, the LF Providers, the Property Manager, the Obligor Cash Manager, the Obligor Account Bank, the Issuer Cash Manager, the Issuer Account Bank, the Joint Lead Arrangers, the Bookrunners, the Paying Agents or the Corporate Services Provider or in the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof.

None of the Joint Lead Arrangers, the Bookrunners, the Note Trustee, the Issuer Security Trustee or the Obligor Security Trustee has independently verified the information contained or incorporated herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Joint Lead Arrangers, the Bookrunners, the Note Trustee, the Issuer Security Trustee or the Obligor Security Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution. The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any state securities laws, and are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered, directly or indirectly, in the United States or to any U.S. persons (as defined in "*Subscription and Sale*") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered for sale outside the United States in accordance with Regulation S under the Securities Act. See the section of this Prospectus entitled "*Subscription and Sale*".

Other than the approval of this document as a prospectus by the Central Bank, no action has been or will be taken to permit a public offering of the Notes or the distribution of this document in any jurisdiction where action for that purpose is required. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document (or any part hereof) comes are required by the Issuer, the Joint Lead Arrangers and the Bookrunners to inform themselves about, and to observe, any such restrictions. For a further description of certain restrictions on offers and sales of Notes and distribution of this document, see the section of this Prospectus entitled "*Subscription and Sale*". Neither this document nor any part hereof constitutes an offer of, or an invitation by, or on behalf of, the Issuer or the Joint Lead Arrangers or the Bookrunners to subscribe for or purchase any of the Notes. Neither this document, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this document nor any part hereof nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information may be issued, distributed or published in any country or jurisdiction (including the United Kingdom), except in circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

References in this document to **£, pounds or sterling** are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

References in this Prospectus to the **Financial Conduct Authority** or **FCA** are to the United Kingdom Financial Conduct Authority which before 1 April 2013 was known as the Financial Services Authority or FSA.

In connection with the issue of the Notes, HSBC Bank plc (the **Stabilisation Manager**) or any person acting for it may over-allot the Notes (provided that the aggregate principal amount of the Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a higher level than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager or any person acting for it will undertake stabilisation action. Such stabilising may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue of the Notes and 60 days after the date of allotment of the Notes and must be brought to an end after a limited period in compliance with applicable laws, regulations and rules.

Capitalised terms used in this document, unless otherwise indicated, have the meanings set out in this document. An index of defined terms used herein appears at the back of this document.

CERTAIN REGULATORY CONSIDERATIONS

Article 122A of the Capital Requirements Directive

The Issuer is of the opinion that the requirements of Article 122a of Directive 2006/48/EC as amended by Directive 2009/111/EC (the **Capital Requirements Directive** or **CRD**) do not apply to the Notes. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Joint Lead Arrangers, the Bookrunners or any of the parties to the transaction of which the Notes form part makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Closing Date or at any time in the future.

Article 122(a) of the Capital Requirements Directive and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

CRA Regulation

The credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies, each of which is established in the European Union, and has submitted an application for registration in accordance with the CRA Regulation and as at the date of this Prospectus such application for registration has not been refused.

CONTENTS

Overview	1
Risk Factors	7
Parties	55
Summary of the Notes	63
Key Characteristics of the Initial Issuer/Borrower Loan	70
Key Characteristics of the Property Portfolio	72
Property Portfolio	76
Summary of the Transaction Documents.....	83
Payment Priorities.....	185
UNITE	199
USAF	200
The Issuer	204
The Issuer HoldCo	207
The Obligors	209
The Other UNITE Group Companies.....	223
The Operator.....	225
The Original LF Provider	227
Unaudited Pro Forma Financial Information	228
Use of Proceeds	238
Terms and Conditions of the Notes	239
Forms of the Notes	264
Book-Entry Clearance Procedure	267
Tax Considerations	268
Subscription and Sale	272
General Information	276
Index of Defined Terms.....	279
Appendix	
1. Valuation Report	285
2. Financial Statements.....	286

OVERVIEW

KEY CHARACTERISTICS OF THE NOTES

Principal Amount:	£380 million
Closing Date:	18 June 2013
Ratings (Fitch/S&P):	Asf and A(sf)
Offering:	Reg S only
Issue Price:	99.993 per cent.
Interest Rate:	3.374 per cent. per annum
Interest Accrual Method:	Actual/Actual (ICMA)
Interest Payment Dates:	31 March, 30 June, 30 September and 31 December in each year, with the first Interest Payment Date being on 30 September 2013
Business Days:	London
Expected Maturity Date:	June 2023
Final Maturity Date:	June 2028
Minimum Denomination:	£100,000
ISIN:	XS0942125963
Common Code:	094212596
Listing:	Application has been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market

USAF BUSINESS AND THE TRANSACTION

Business overview

UNITE UK Student Accommodation Fund (**USAF** or the **UNITE Fund**) is an open-ended non-listed real estate fund that focuses on acquiring and operating high quality student accommodation in the UK. It was established in December 2006.

USAF is the largest specialist student accommodation fund in the UK. As at the date of this Prospectus, it holds a portfolio of 63 properties valued at over £1.3 billion which are located in 20 towns and cities across the UK providing over 21,000 bed spaces. See further the section of this Prospectus entitled "*USAF*" below.

Overview of the Property Portfolio

The proceeds of the Notes will ultimately be used to refinance debt secured on certain of the properties and to acquire certain additional properties to form a portfolio of 39 Properties with a total value of approximately £799.7m. These Properties contain 13,913 beds and are located in 15 different towns and cities across England and Scotland. See further the section of this Prospectus entitled the "*Property Portfolio*".

Issue of the Notes and use of proceeds

The Issuer will issue the Notes on 18 June 2013 (the **Closing Date**) and may issue Further Notes, New Notes or Replacement Notes from time to time subject to certain conditions being met. The proceeds of the Notes will be on-lent by the Issuer to the Borrower pursuant to a facilities agreement (the **Issuer/Borrower Facilities Agreement** and the facilities provided by the Issuer to the Borrower thereunder on the Closing Date and from time to time, the **Issuer/Borrower Facilities** and the loans made thereunder on the Closing Date and from time to time, the **Issuer/Borrower Loans**).

The payment of interest and repayment of principal by the Borrower in respect of the Issuer/Borrower Loan advanced on the Closing Date (the **Initial Issuer/Borrower Loan**) will provide the primary source of funds for the Issuer to make payments of interest and repayment of principal under the Notes. The fees and expenses of the Issuer incurred in connection with the issue of the Notes will be met by the Issuer using certain fees payable by the Borrower pursuant to the Issuer/Borrower Facilities Agreement.

The Initial Issuer/Borrower Loan and other funding available to the Borrower

In addition, on the Closing Date, Lloyds (together with any assignees and transferees, the **RCF Provider**) will make available a revolving credit facility to USAF No. 1 Limited Partnership, USAF No. 10 Limited Partnership and Filbert Village Student Accommodation, L.P. (each a **Limited Partnership** and together, the **Limited Partnerships**) (the **Revolving Credit Facility** and the loans made under such facility, including the loan made to the Limited Partnerships on or about the Closing Date (the **Initial RCF Loan**, and together with any other loans made, the **RCF Loans** and the agreement under which such facility is provided, the **Revolving Credit Facility Agreement**).

The Borrower will apply the proceeds of the Initial Issuer/Borrower Loan towards making certain loans to the Limited Partnerships under an inter company loan agreement (the **Intra-Group Agreement**). The proceeds of the Intra-Group Loans advanced under the Intra-Group Agreement and the Initial RCF Loan on the Closing Date will be applied by (i) USAF No. 1 Limited Partnership for the purpose of it paying part of the consideration to USAF No. 4 Limited Partnership and USAF

No. 5 Limited Partnership for the transfer of certain Properties to USAF No. 1 Limited Partnership on the Closing Date, (ii) USAF No. 1 Limited Partnership using the remaining balance of the Intra-Group Loans, together with USAF No. 4 Limited Partnership and USAF No. 5 Limited Partnership, using such amounts received from USAF No. 1 Limited Partnership to repay certain intra-group loans (the **Existing Intra-Group Loans**) and related amounts in respect thereof to USAF Finance Limited (the **Existing Borrower** and the loan agreement such amounts are outstanding under, the **Existing Issuer Borrower Facility Agreement**) for the purpose of the Existing Borrower repaying certain existing indebtedness and paying related amounts in respect of such repayment to UNITE (USAF) plc (the **Existing Issuer**) and (iii) by USAF No. 10 Limited Partnership and Filbert Village Student Accommodation, L.P. using the Intra-Group Loans and the Initial RCF Loan for the purpose of them prepaying certain existing indebtedness (the **Existing Facility** and the loan agreement under which such indebtedness is outstanding, the **Existing Facility Agreement**) and paying related amounts in respect of such repayment to the lender under the Existing Facility Agreement.

On the Closing Date, HSBC (the **Original LF Provider**), the Issuer and the Limited Partnerships will enter into a liquidity facilities agreement (the loans made under such facilities, the **Issuer LF Loans** and the **Obligor LF Loans** respectively and together, the **LF Loans** and the agreement under which such facilities are provided, the **Liquidity Facilities Agreement**) to cover (i) shortfalls in the amounts available to the Obligors to make payments of interest due on the RCF Loans and of scheduled payments due to Hedge Counterparties (the **Obligor Liquidity Facility**), and (ii) shortfalls in the amounts available to the Issuer to make payments of interest due on the Notes and certain other expenses ranking senior to the Notes (the **Issuer Liquidity Facility** and together with the Obligor Liquidity Facility, the **Liquidity Facilities**).

The Obligors (other than the Borrower) may from time to time enter into further facilities for the provision of Permitted Financial Indebtedness (each, a **Permitted Facility** and the loans made under each such facility, the **PF Loans** and the agreement under which each such facility is provided, a **Permitted Facility Agreement** and together the **Permitted Facility Agreements** and the providers of each such facility, each a **PF Provider** and together the **PF Providers** and the agent for each such facility or any replacement agent, the **PF Agent** and together the **PF Agents**) in accordance with the CTA.

Each Issuer/Borrower Loan, RCF Loan, Obligor LF Loan and PF Loan (if any) are together referred to in this Prospectus as the **Obligor Loans**. The Issuer/Borrower Facilities, the Revolving Credit Facility, the Obligor Liquidity Facility and any Permitted Facilities are together referred to as the **Obligor Facilities**. The Issuer/Borrower Facilities Agreement, the Revolving Credit Facility Agreement, the Liquidity Facilities Agreement and each Permitted Facility Agreement (if any) are together referred to as the **Obligor Facility Agreements**. The Issuer, the RCF Providers, the LF Provider (in its capacity as a provider of the Obligor LF Loans) and the PF Providers (if any) are together referred to as the **Obligor Facility Providers**.

Repayment of the Initial Issuer/Borrower Loans, the RCF Loans and the Obligor LF Loans

The primary source of funds for payments of interest and repayment of principal in respect of the Initial Issuer/Borrower Loan will be payments of interest and repayments of principal by the Limited Partnerships to the Borrower under the loans made by an Obligor to another Obligor from time to time under the Intra-Group Agreement (each an **Intra-Group Loan** and together, the **Intra-Group Loans**) under the Intra-Group Agreement. The primary source of funds for the payments of interest and payments of principal by the Limited Partnerships under the Intra-Group Loans, the RCF Loan and any Obligor LF Loans will be net rental and other cashflows derived from the Properties beneficially owned by the Limited Partnerships.

Obligor Guarantees and Obligor Security

The liabilities of the Borrower under the Initial Issuer/Borrower Loans and the other Obligor Transaction Documents and the liabilities of the Limited Partnerships under the RCF Loans, the Obligor LF Loans and the other Obligor Transaction Documents will be cross-guaranteed by each other Obligor (the **Obligor Guarantees**). Each Obligor will also grant in favour of a security trustee (the **Obligor Security Trustee**) first ranking fixed and floating security over all its property, undertaking and assets pursuant to a deed of charge between the Obligors and the Obligor Security Trustee (the **Obligor Deed of Charge**) and the other Obligor Security Documents as security for the repayment of the Obligor Loans including, in the case of USAF Holdings Limited (the **Obligor HoldCo**), first fixed security over its shares in the Borrower, each General Partner (other than Filbert Village GP Limited) and each Nominee (together with the Obligor Guarantees, the **Obligor Security**). The existing guarantees and security provided by the relevant Obligors in relation to the Existing Issuer Borrower Facility Agreement and the Existing Facility Agreement will be released as a condition precedent to the advance of the Initial Issuer/Borrower Loan and the RCF Loan on the Closing Date.

Obligor representations, warranties, covenants, Obligor Liquidity Events, Lock-Up Events, Trigger Events, Events of Default and intercreditor arrangements

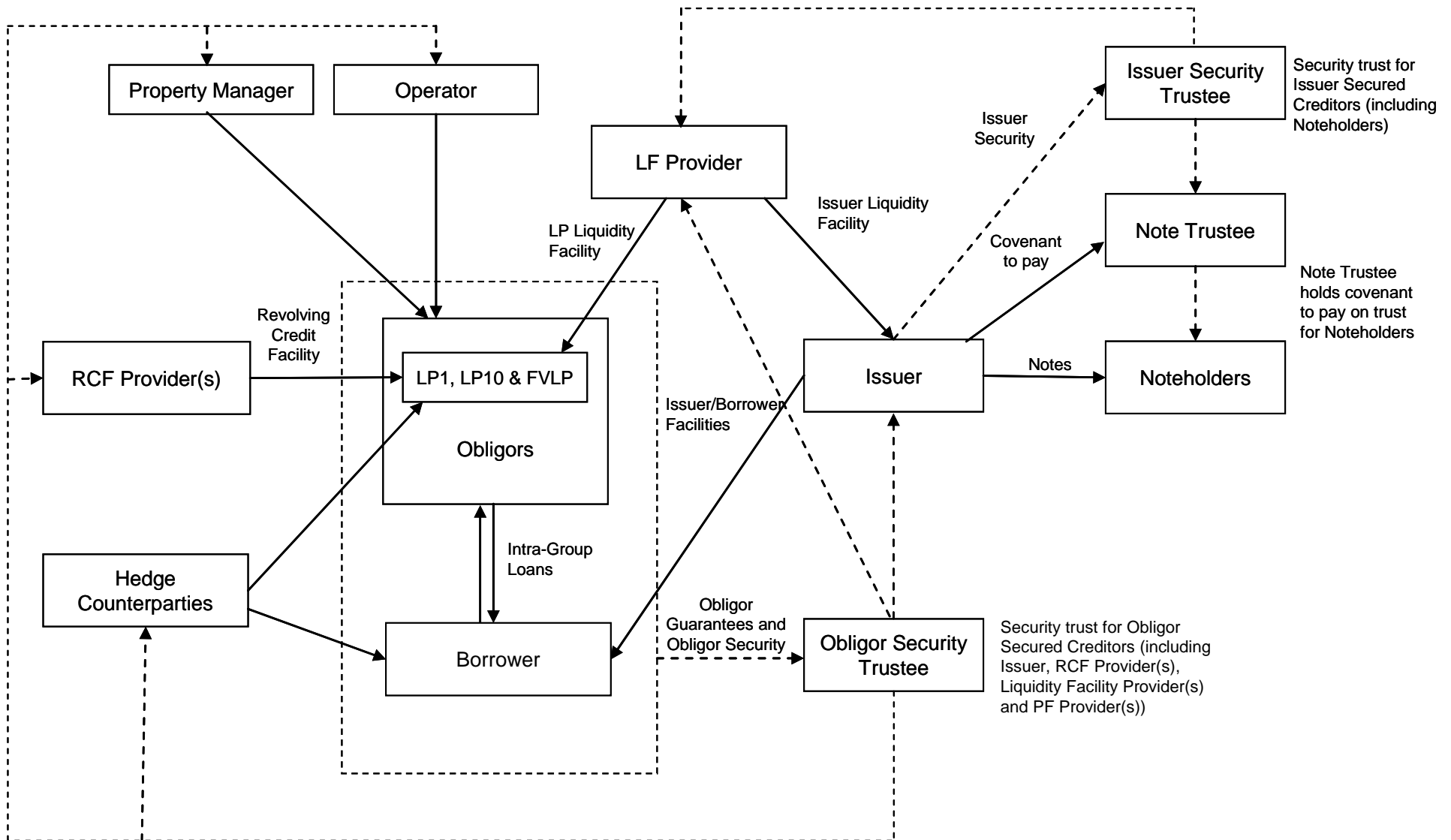
Each of the Obligor Loans will be subject to common representations and warranties, covenants, Obligor Liquidity Events, Lock-Up Events, Trigger Events and Obligor Events of Default and definitions which will be set out under a common terms agreement (the **Common Terms Agreement** or **CTA**) and a master definitions agreement (the **MDA**). The Obligor Guarantees and the Obligor Security will be held by the Obligor Security Trustee on trust for itself and the Issuer, the Issuer Security Trustee, the LF Provider (in respect of the Obligor Liquidity Facility), the RCF Provider, any PF Providers, any Hedge Counterparties, the Obligor Cash Manager, the Obligor Account Bank, the Property Manager, the Operator and the other creditors of the Obligors that are party to or accede to the CTA, the MDA and the STID from time to time (the **Obligor Secured Creditors**) under the terms of a security trust and intercreditor deed (the **STID**). The STID will also set out the voting and intercreditor arrangements amongst the Obligor Secured Creditors (including the Note Trustee on behalf of the Noteholders).

Issuer Security

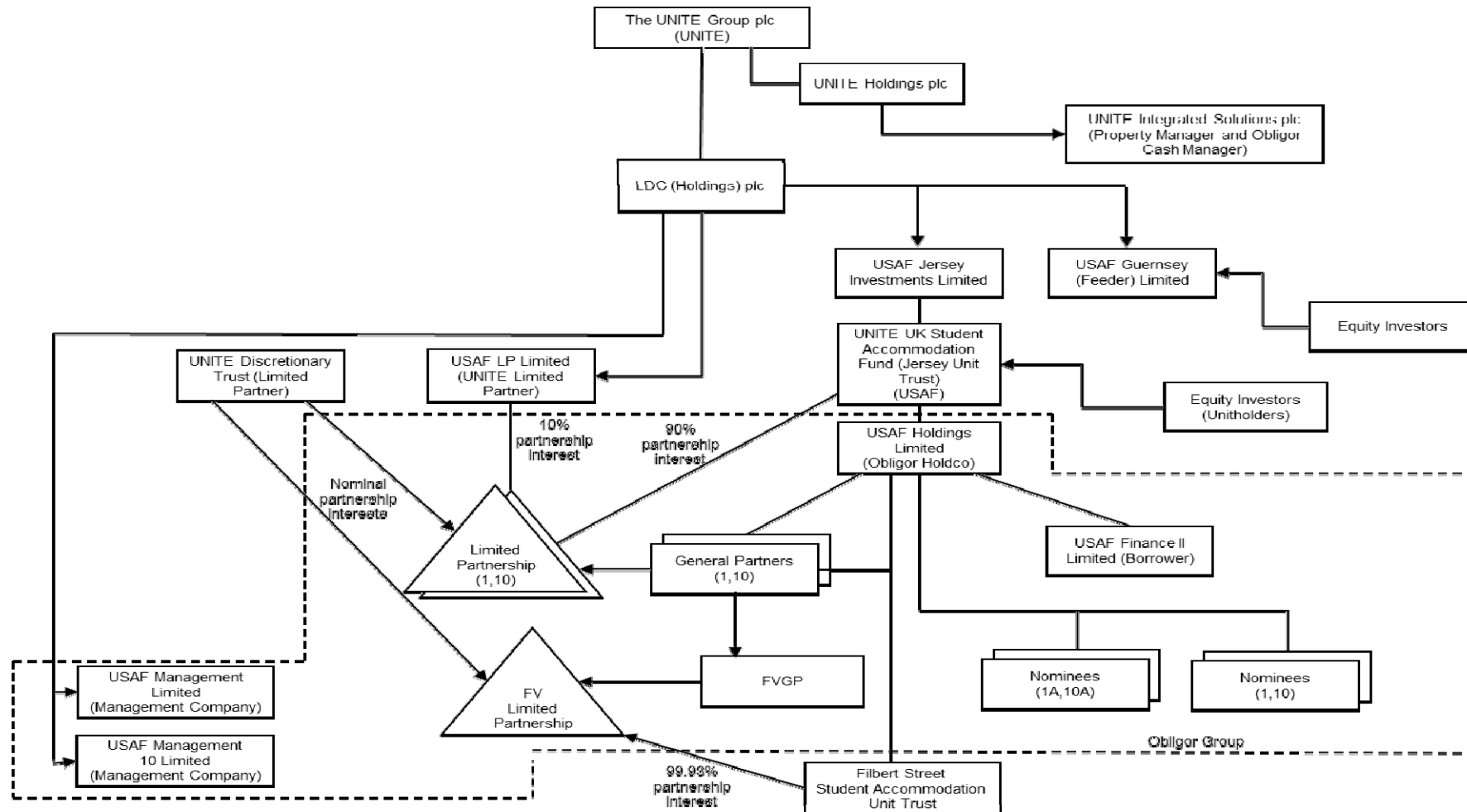
The Issuer's obligations under the Notes, the Note Trust Deed, the Issuer Deed of Charge and the other Issuer Transaction Documents will be secured by, amongst other things, the Issuer granting fixed and floating security over all its property, undertaking and assets and the Issuer assigning the benefit of the security and the rights which it will enjoy under the CTA, the STID and the MDA and the other Issuer Transaction Documents (other than the Note Trust Deed and the Issuer Deed of Charge) and the Subscription Agreement in favour of the Issuer Security Trustee to be held on trust on behalf of itself and the Note Trustee (for itself and on behalf of the Noteholders and/or Couponholders), the Noteholders, the Issuer Cash Manager, the Issuer Account Bank, the Paying Agents, the Corporate Services Provider, the LF Provider (in respect of the Issuer Liquidity Facility) and the other creditors of the Issuer that are party to or accede to the Issuer Deed of Charge from time to time under the terms thereof (the **Issuer Secured Creditors**).

See the sections of this Prospectus entitled "*Diagrammatic Overview of the Transaction*" and "*Corporate Structure Diagram of the Obligors*" below for an overview of the transaction and the corporate structure of the UNITE Group, the UNITE Fund and the Obligors on the Closing Date.

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



CORPORATE STRUCTURE DIAGRAM OF THE OBLIGORS



RISK FACTORS

The following is a summary of certain aspects of the Notes, the Issuer and the related transactions of which prospective Noteholders should be aware. Prior to making an investment decision in the Notes, prospective investors should consider carefully all of the information set out in this Prospectus, including the investment considerations detailed below. This summary is not intended to be exhaustive, and prospective investors should make their own independent assessments of all investment considerations and should also read the detailed information set out elsewhere in this Prospectus prior to making an investment decision.

CONSIDERATIONS RELATED TO THE NOTES

The Notes will not be guaranteed by any person

The Issuer is the only entity responsible for making any payments on the Notes. The Notes will be obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any other person or entity, including the Joint Lead Arrangers, the Bookrunners or their respective affiliates, the Borrower, any other Obligor or any member of the UNITE Group, USAF or any of its unitholders. The Notes will not be obligations or responsibilities of, and will not be guaranteed by, any person (other than the Issuer) and no person other than the Issuer will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

Furthermore, the Notes are limited recourse obligations of the Issuer. If the Issuer has insufficient funds to make payment of the full amount of the Notes after enforcement of the Issuer Security, then the Issuer Secured Creditors (which include the Noteholders) shall have no further claim against the Issuer or its directors or shareholders in respect of any amount owing to them which remain unpaid and such amounts shall be deemed discharged in full and the Issuer's payment obligations will cease.

Limited resources of the Issuer and the Borrower

The Issuer is a special purpose financing entity with no business operations other than the issue of the Notes, the entering into of the Issuer/Borrower Facilities Agreement and the transactions ancillary thereto.

The ability of the Issuer to meet its obligations under the Notes and its ability to pay its operating and administrative expenses will depend primarily on the receipt by it of funds from the Borrower under the Issuer/Borrower Facilities Agreement (see the section of this Prospectus entitled "*Considerations related to the Borrower and other Obligors – The Borrower's ability to meet its obligations in respect of the Initial Issuer/Borrower Loans*" below) and the receipt of interest from the Issuer Transaction Account and amounts available to be drawn under the Issuer Liquidity Facility and/or from the Issuer Liquidity Standby Account and the Issuer Liquidity Reserve Account (as applicable).

Other than the foregoing, prior to enforcement of the Obligor Security and the Issuer Security, the Issuer will not have any other funds available to it to meet its obligations under the Notes and its obligations ranking in priority to, or *pari passu* with, the Notes. If the resources described above cannot provide the Issuer with sufficient funds to enable the Issuer to make the required payments on the Notes, the Noteholders may incur a loss of interest, principal and/or premium (if any) which would otherwise be paid in accordance with the terms and conditions of the Notes.

If, on default by the Borrower and/or the other Obligors and following the exercise of all available remedies in respect of the Issuer/Borrower Loans and the Obligor Security, the Issuer

does not receive the full amount due from the Borrower and/or the other Obligors under the Issuer/Borrower Facilities Agreement, then the Noteholders may receive on redemption an amount less than the then Principal Amount Outstanding of their Notes and the Issuer may be unable to pay in full interest due and accrued on the Notes. The Issuer does not guarantee or warrant full and timely payment by the Borrower and/or the other Obligors of any sums under the Issuer/Borrower Facilities Agreement.

Similar to the Issuer, the Borrower is a special purpose financing entity with no business operations other than the entering into of the Issuer/Borrower Facilities Agreement, the Intra-Group Agreement and the transactions ancillary thereto. In particular, the Obligor Liquidity Facility will not be available to make payments of principal on the Issuer/Borrower Loans. See the section of this Prospectus entitled "*Considerations related to the Borrower and the other Obligors – the Borrower's ability to meet its obligations in respect of the Issuer/Borrower Loans*" below.

Absence of secondary market; limited liquidity of the Notes may adversely affect the market value of the Notes

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market. The Notes will be new securities for which there is no established trading market. There can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide holders of the Notes with liquidity of investment or that it will continue for the life of the Notes. Consequently, prospective investors in the Notes should be aware that they may have to hold the Notes until their maturity to realise their investment. In addition, the liquidity and market value of the Notes may fluctuate with changes in prevailing rates of interest, market perceptions of the risks associated with the Notes, general economic conditions, the condition of certain financial markets, international political events and the performance and financial condition of the Obligors and other market conditions. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of such Notes.

Lack of liquidity in the secondary market may adversely affect the market value of the Notes

The UK and global debt markets have since 2007 experienced disruptions resulting in reduced investor demand for commercial mortgage loans and commercial mortgage-backed securities and increased investor yield requirements for those loans and securities. Such market disruptions may return in the future which may have an adverse effect on the market value of debt securities such as the Notes.

In addition, the forced sale into the market of debt securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that experience funding difficulties could adversely affect the ability of investors to sell, and/or the price they receive for, the Notes in the secondary market. As a result, the secondary market for debt securities, such as the Notes, has experienced, and may continue to experience, limited liquidity which has had, and may continue to have, an adverse effect on the market value of debt securities such as the Notes.

Any over-supply in the secondary market may have an adverse effect on the market value of debt securities such as the Notes.

Notes subject to redemption by the Issuer may have a lower market value than securities that cannot be optionally redeemed

The optional redemption feature of the Notes is likely to limit their market value. Generally, the market value of the Notes will not rise substantially above the price at which they are redeemed. However, it should be noted that the Notes can only be redeemed at the Issuer's option in the event that (i) a change in tax law which becomes effective on or after the Closing Date means, on the next Interest Payment Date, the Issuer would be required to deduct or withhold from any payment of principal or interest on the Notes (subject to certain exceptions) any amount for on or account of any present or future taxes, duties, assessments or governmental charges assessed by the United Kingdom or (ii) by reason of change in law, which becomes effective on or after the Closing Date it has or will become unlawful for the Issuer to make, fund or allow to remain outstanding the Issuer/Borrower Loan. In addition, as further set out in Condition 6.4 (*Redemption upon repayment or prepayment of the Initial Issuer/Borrower Loan*), any voluntary prepayment of the Initial Issuer/Borrower Loan by the Borrower will require the Issuer to redeem the Notes in advance of their Final Maturity Date by giving notice to the Noteholders in accordance with the Conditions. At those times, an investor generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and may only be able to do so at a significantly lower rate. However a premium may be payable to the Noteholders in certain of these circumstances see further the section of this Prospectus entitled "*Terms and Conditions*". Potential investors should consider reinvestment risk in light of other investments available at that time.

Rating Agency assessments, downgrades and changes to Rating Agency criteria may result in ratings volatility in respect of the Notes

The ratings to be assigned by the Rating Agencies to the Notes reflect only the views of the particular Rating Agency and, in assigning the ratings, each Rating Agency takes into consideration the credit quality of the Obligors and structural features and other aspects of the transaction of which the Notes form part. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in, or unavailability of, information in relation to the Obligors' underlying business and performance or if, in the Rating Agencies' judgement, other circumstances so warrant. If any rating assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced. Future events, including events affecting the Obligors and/or circumstances relating to the industry in which USAF operates, could have an adverse impact on the ratings of the Notes.

A confirmation from a Rating Agency that any action proposed to be taken by the Issuer will not have an adverse effect on the then current rating of the Notes does not, for example, confirm that such action (i) is permitted by the terms of the Issuer Transaction Documents or (ii) is in the best interests of, or not prejudicial to, the Noteholders. While each of the Issuer Secured Creditors (including the Noteholders), the Issuer Security Trustee and the Note Trustee (as applicable) are entitled to have regard to the fact that a Rating Agency has confirmed that the then current rating of the Notes would not be adversely affected by such action, the above does not impose or extend any actual or contingent liability on that Rating Agency to the Issuer Secured Creditors (including the Noteholders and the Note Trustee) or the Issuer or any other person or create any legal relationship between the Rating Agencies and the Issuer Secured Creditors (including the Noteholders and the Note Trustee) or any other person whether by way of contract or otherwise.

Any such confirmation from a Rating Agency may or may not be given at the sole discretion of that Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information required to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a confirmation in the time available or at all. A confirmation from a Rating Agency, if given, will be given on the basis of the facts and

circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the Notes form a part since the Closing Date. A confirmation from a Rating Agency represents only a restatement of the then current rating of the Notes and cannot be construed as advice for the benefit of any parties to the transaction of which the Notes form a part.

Fitch has indicated that it will no longer provide ratings confirmations as a matter of policy. To the extent that a confirmation from a Rating Agency cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Issuer Transaction Documents and specifically the relevant modification and waiver provisions.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

Credit ratings may not reflect all risks relating to the Notes

One or more independent credit rating agencies may assign an unsolicited credit rating to the Notes. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and below and other factors that may affect the value of the Notes. Such a rating may be lower than the rating assigned to the Notes by the Rating Agencies and may impact the market value of the Notes.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to the transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

The Notes may not be a suitable investment for all investors

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes or where the currency for principal or interest payments is different from the potential investor's currency;

- (d) understand thoroughly the terms and conditions of the Notes and the underlying transaction and be familiar with the financial markets; and
- (e) 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.

A potential investor should not invest in the Notes, which are complex financial instruments, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The market value of the Notes may fluctuate due to changes in market interest rates

The Notes accrue interest at a fixed rate, as such, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Certain Issuer Secured Creditors and Obligor Secured Creditors will rank ahead of the Noteholders and the Issuer, respectively, in respect of the Issuer Security and Obligor Security, respectively

In the event that the Issuer Security is enforced, the proceeds of such enforcement may be insufficient, after payment of amounts ranking in priority to the Notes, to pay, in full, all amounts of principal, interest and premium (if any) due in respect of the Notes.

Although the Issuer Security Trustee will hold the benefit of the Issuer Security on trust for, *inter alios*, the Noteholders, and the Obligor Security Trustee will hold the benefit of the Obligor Security on trust for, *inter alios*, the Issuer, such security interests will also be held on trust for other Issuer Secured Creditors and Obligor Secured Creditors, respectively, that will rank ahead of the Noteholders. Certain of the Issuer's obligations to, *inter alios*, the Note Trustee (in its individual capacity), the Issuer Security Trustee (in its individual capacity), the Paying Agents, the LF Provider under the Issuer Liquidity Facility, the Issuer Cash Manager and the Issuer Account Bank in respect of certain amounts owed to them (see the section of this Prospectus entitled "*Payment Priorities*"). To the extent that significant amounts are owing to any such persons, the amounts available to the Noteholders will be reduced. Likewise, certain of the Obligor's obligations to certain Obligor Secured Creditors will rank ahead of, or *pari passu* with, its obligations to the Issuer under the Issuer/Borrower Facilities Agreement. Such persons include, *inter alios*, the Obligor Security Trustee (in its individual capacity), the RCF Provider, the LF Provider under the Obligor Liquidity Facility and any Hedge Counterparty under a Hedging Agreement (see the section of this Prospectus entitled "*Payment Priorities*").

Refinancing risk relating to the Issuer/Borrower Loan may affect the ability of the Issuer to redeem the Notes on their Expected Maturity Date or their Final Maturity Date

Whilst USAF has been successful in recent years in refinancing its borrowing facilities, in the longer term there is no guarantee that the Obligor Group will be able to refinance the Initial Issuer/Borrower Loan or any new Obligor Facility.

Unless previously repaid, the Borrower will be required to repay the Initial Issuer/Borrower Loan on the Initial Loan Final Maturity Date. The ability of the Issuer to redeem the Notes on the Final Maturity Date is dependent on the repayment in full of the Initial Issuer/Borrower Loan by the Borrower. The ability of the Borrower to repay the Initial Issuer/Borrower Loan in its entirety on the Initial Loan Final Maturity Date will depend upon, amongst other things, its ability to find a lender or lenders willing to lend to the Borrower and/or the other Obligors sufficient funds to enable repayment of the Initial Issuer/Borrower Loan. If the Borrower and/or other Obligors cannot find such a lender or lenders, then the Obligors (other than the Borrower) may be

forced, in circumstances which may not be economically advantageous, into selling some or all of the Properties in order to repay the Intra-Group Loans and thereby facilitate the repayment of the Initial Issuer/Borrower Loan. Failure by the Borrower and/or other Obligors to refinance the Initial Issuer/Borrower Loan or in the case of the Obligors, failure to sell the Properties to refinance the Intra-Group Loan will result in the Borrower defaulting under the Initial Issuer/Borrower Facilities Agreement. In the event of such a default, the Noteholders may receive by way of principal repayment an amount less than the then Principal Amount Outstanding of their Notes.

Issuer not obliged to pay additional amounts in the event withholding tax is levied in respect of the Notes

In the event that any withholding or deduction for or on account of tax is required to be made from payments in respect of the Notes (as to which, in relation to United Kingdom tax, see the section of this Prospectus entitled "*United Kingdom Taxation*"), neither the Issuer nor any other person will be obliged to pay any additional amounts to Noteholders and/or, if Definitive Notes are issued, Couponholders or to otherwise compensate Noteholders or Couponholders for the reduction in the amounts they will receive as a result of such withholding or deduction. If such a withholding or deduction is required to be made for or on account of any United Kingdom tax by reason of a change in tax law (or the application or official interpretation thereof), the Issuer will (except in certain limited circumstances) take the actions set out in Condition 6.3 (*Optional redemption for taxation or other reasons*), which involve, if the same would avoid the relevant event, appointing a paying agent in another jurisdiction or using reasonable endeavours to arrange for the substitution of the Issuer by a company incorporated and/or tax resident in another jurisdiction as principal debtor under the Notes, (subject to the provisions set out in Condition 6.3 (*Optional redemption for taxation or other reasons*) being met). If the Issuer is unable, having used its reasonable endeavours, to arrange a substitution or if to do so or appointing a paying agent would not avoid such withholding or deduction, then on any Interest Payment Date pursuant to and in accordance with Condition 6.3 (*Optional redemption for taxation or other reasons*) the Issuer may redeem (without premium or penalty) all (but not some only) of the Notes (in each case) at their Principal Amount Outstanding, together with accrued but unpaid interest on the Principal Amount Outstanding of the Notes up to (but excluding) the Interest Payment Date on which such redemption occurs to the extent the Issuer has sufficient funds to do so in accordance with the provisions of Condition 6.3 (*Optional redemption for taxation or other reasons*).

Modifications, waivers and consents in respect of the Common Documents and the Issuer Transaction Documents and enforcement of the Obligor Security and the Issuer Security may be made without the knowledge or consent of individual Noteholders

Certain decisions by the Note Trustee may be made without the knowledge or consent of individual Noteholders. The Note Trust Deed contains provisions which determine the rights of and the resolution procedures regarding conflicts of interest between the Noteholders. The Note Trust Deed also grants the Note Trustee certain powers regarding, *inter alia*, modification, waiver or authorisation of any breach or proposed breach by the Issuer under the Notes or any of the Issuer Transaction Documents, subject to certain limitations (as more particularly set out below).

Other than in relation to a Basic Terms Modification or in relation to any Issuer Transaction Documents which are Common Documents, the Liquidity Facilities Agreement and the Tax Deed of Covenant, which shall be as provided in the STID, the Note Trustee may, without the consent or sanction of the Noteholders and/or Couponholders of any class and/or (subject as provided below and other than in respect of any Issuer Secured Creditor which is a party to the relevant Issuer Transaction Document, subject as provided in the STID in relation to any Common Document, the Liquidity Facilities Agreement and the Tax Deed of Covenant) any of the other Issuer Secured Creditors, at any time and from time to time, concur with the Issuer

and any other person, or direct the Issuer Security Trustee to concur with the Issuer or any other person, in making any modification: to (i) the Notes and/or Coupons, the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents (subject as provided in the STID in relation to any Common Document, the Tax Deed of Covenant or the Liquidity Facilities Agreement) and/or any other document to which it or the Issuer Security Trustee is a party or over which the Issuer Security Trustee holds security, as the case may be, or may give its consent to any event, matter or thing, if: (a) in its opinion, it is proper to make and the interests of the holders of the Notes then outstanding would not be materially prejudiced thereby; and (b) in relation to any modification which is required or permitted, subject to the satisfaction of specified conditions under the terms of the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents and/or any other document to which it or the Issuer Security Trustee is a party or over which the Issuer Security Trustee holds security, as the case may be, provided that such conditions are satisfied; and (ii) the Notes and/or Coupons, the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents (subject as provided in the STID in relation to any Common Document, the Tax Deed of Covenant or the Liquidity Facilities Agreement) and/or to any other document to which it or the Issuer Security Trustee is a party or over which the Issuer Security Trustee holds security, if, in its opinion, it is required to correct a manifest error or is of a formal, minor or technical nature, provided that to the extent such modification relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent in accordance with the Issuer Deed of Charge or, where any Noteholders are affected Issuer Secured Creditors, the Noteholders of each class affected thereby have sanctioned such modification in accordance with the Note Trust Deed.

The Note Trustee shall, without the consent or sanction of any of the Noteholders and/or Couponholders of any class or (subject as provided below) of any other Issuer Secured Creditor, concur with the Issuer, and/or direct the Issuer Security Trustee to concur with the Issuer, in making any modification to the Notes and/or Coupons, the Conditions, the Note Trust Deed, the Issuer Deed of Charge, the other Issuer Transaction Documents and/or to any other document to which it or the Issuer Security Trustee is a party or over which the Issuer Security Trustee has security that is requested by the Issuer in writing in order to comply with any criteria of the Rating Agencies which may be published after the Closing Date and which modifications the Issuer certifies to the Note Trustee and/or the Issuer Security Trustee (as applicable) in writing are required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Notes, provided that the relevant parties to such Issuer Transaction Document (other than the Common Documents (with the exception of the MDA to the extent that the modification relates to a definition in such Issuer Transaction Document), the Liquidity Facilities Agreement and the Tax Deed of Covenant) have agreed in writing to such change and that the Note Trustee and/or the Issuer Security Trustee (as applicable) shall not be obliged to agree to any such modification which, in the sole opinion of the Note Trustee and/or the Issuer Security Trustee (as applicable) would have the effect of (i) exposing the Note Trustee and/or the Issuer Security Trustee (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Note Trustee and/or the Issuer Security Trustee (as applicable) in respect of the Notes and/or Coupons, the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents. It should be noted that the Issuer will not be obliged to request such modifications.

Any such modification may be made on such terms and subject to such conditions (if any) as the Note Trustee may determine, shall be binding upon the Noteholders and, unless the Note Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders in accordance with the Conditions as soon as practicable thereafter.

The STID provides that the Obligor Security Trustee shall seek the approval of the Noteholders (through the Issuer and the Note Trustee) on certain matters, along with all other Affected Secured Creditors, as a condition to concurring in making modifications to or granting consents or waivers or to the enforcement of the Obligor Security. The votes of the Noteholders may not constitute a majority in respect of any such matter, owing to the relative size of (i) the Outstanding Principal Amount under the Issuer/Borrower Facilities corresponding to the Notes, (ii) the Outstanding Principal Amount under the Revolving Credit Facility, (iii) the Outstanding Principal Amount under any other Permitted Facilities (excluding the Obligor Liquidity Facility and any replacement thereof) and (iv) the Outstanding Principal Amount of any Hedges (the **Qualifying Debt**) which is capable of being voted by one or more Obligor Secured Creditors or, in the case of the Issuer, the Note Trustee entitled to vote on an Ordinary Voting Matter, Extraordinary Voting Matter, Entrenched Rights, Enforcement Instruction Notice or Further Enforcement Instruction Notice, as the case may be, in accordance with the STID. It is possible that the interests of certain Affected Secured Creditors will not be aligned with the interests of the Noteholders and there can be no assurance that any modification, consent or waiver or the enforcement action taken will be favourable to all Noteholders. Such risk is increased due to the fact that (a) the votes of the Noteholders entitled to vote on a matter (except in relation to an Entrenched Right) will be treated as a single class on a pound for pound basis with the other Qualifying Secured Creditors, whereas a vote in respect of the entire Outstanding Principal Amount under certain other Borrower Facilities will be taken in respect of such decisions and (b) only the votes of those Noteholders who participate within the period of time within which the approval of the Obligor Security Trustee is sought (the **Decision Period**) specified in the STID will be taken into account. Therefore, Noteholders alone may not be able to control the outcome of any particular approval or enforcement process and it is possible that the Obligor Security Trustee may be given an instruction which is not in the interests of Noteholders. Furthermore, in the case of modifications, consents or waivers, such changes may be detrimental to the interests of some or all Noteholders, despite the ratings of such Notes being affirmed.

In addition, subject to Entrenched Rights and Reserved Matters, the Obligor Security Trustee will, in certain circumstances, without the sanction of any Obligor Secured Creditor (and without this being the subject of a STID Proposal), concur with any Obligor to make any modification to any Obligor Transaction Document to which it is a party or other document over which it has the benefit of the Obligor Security that is requested by an Obligor to comply with any (a) criteria of the Rating Agencies which may be published after the Closing Date which modification the relevant Obligor certifies to the Obligor Security Trustee is required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Notes or (b) requirements which apply to it under EMIR, subject to the receipt by the Obligor Security Trustee of certain certifications from the relevant Obligor and to the Obligor Security Trustee being of the opinion that any such changes would not have certain effects in relation to itself, provided that the relevant parties to such Obligor Transaction Documents or other documents shall have agreed in writing to such modification (except in the case of a Common Document).

The Conditions and the Note Trust Deed contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally (other than matters which concern the enforcement of the Obligor Security or modifications to the Common Documents, which matters may only be addressed in accordance with the procedures set out in the STID as described below). These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions and the Note Trust Deed also provide that the Note Trustee, subject to the provisions of the STID, may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes, or (ii) determine without the consent of the Noteholders that any Issuer Event of

Default or Potential Issuer Event of Default shall not be treated as such, or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of £100,000 may not receive a Definitive Note

The Notes have a denomination of a minimum amount of £100,000. It is possible that the Notes may be traded in amounts that are not integral multiples of £100,000. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than £100,000 in its account with the relevant Clearing System at the relevant time may not receive a definitive Note in bearer form in respect of such holding (should such Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least £100,000.

Notes in book-entry form will be subject to the rules of Euroclear and Clearstream, Luxembourg, which may not be adequate to ensure the owners their timely exercise of rights under the Notes

The Notes will initially only be issued in global form and deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg. Interests in the Global Notes will trade in book-entry form only. The Common Depositary, or its nominee, for Euroclear and Clearstream, Luxembourg will be the sole holder of the Global Notes representing the Notes. Accordingly, owners of book – entry interests must rely on the procedures of Euroclear and Clearstream, Luxembourg, and non-participants in Euroclear or Clearstream, Luxembourg must rely on the procedures of the participant through which they own their interests, to exercise any rights and obligations of a holder of Notes.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. The procedures to be implemented through Euroclear and Clearstream, Luxembourg may not be adequate to ensure the timely exercise of rights under the Notes.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected on the Notes

The Issuer will pay principal and interest on the Notes in sterling. This presents certain risks to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit other than sterling (the **Investor's Currency**). 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 specified Investor's Currency may impose or modify exchange controls. An appreciation of value of the Investor's Currency relative to sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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, principal and/or premium (if any) than expected on the Notes, or no interest, principal and/or premium (if any) at all.

Legal investment considerations may restrict investments in the Notes

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal

investments for it, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Transfer of the Notes will be restricted, which may adversely affect their liquidity and value

The Notes have not been and will not be registered under the Securities Act or the securities laws of any jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. The offering of the Notes (and beneficial interests therein) will be made pursuant to exemptions from the registration provisions of the Securities Act and from other securities laws. Accordingly, reoffers, resales, pledges and other transfers of the Notes (and beneficial interests therein) are subject to certain transfer restrictions. Potential Noteholders should read the discussions in the section of this Prospectus entitled "*Subscription and Sale*" for further information about these and other transfer restrictions. It is the obligation of each Noteholder to ensure that its offers and sales of Notes comply with applicable law. Potential Noteholders are advised to consult legal counsel in connection with any such reoffer, resale, pledge or other transfer.

CONSIDERATIONS RELATED TO THE ISSUER

Taxation of the Issuer

A withholding or deduction for or on account of tax other than United Kingdom tax may be required to be made in circumstances other than those set out in the section of this Prospectus entitled "*United Kingdom Taxation*" under the law of countries other than the United Kingdom (including countries that are Member States of the EU). The outline of certain key UK taxation issues affecting the Issuer in the section of this Prospectus entitled "*United Kingdom Taxation*" does not include consideration of any such requirements and the comments made regarding the EU Savings Directive should not be taken to imply that no other withholding or deduction is or may be applicable on account of non-UK tax.

The Issuer's reliance on third parties

The Issuer is a party to contracts with a number of third parties who have agreed to perform certain services in relation to, *inter alia*, the Notes. For example, the LF Provider will agree to provide the Issuer Liquidity Facility to the Issuer, the Corporate Services Provider has agreed to provide various corporate services to the Issuer and the Issuer Cash Manager and the Paying Agents have agreed to provide, *inter alia*, payment, administration and calculation services (as applicable) to the Issuer in connection with the Notes. In the event that any of these service providers fails to perform its obligations under the respective agreements to which it is a party, the ability of the Issuer to make payments owed in respect of the Notes may be affected.

The Issuer will not enter into any hedging arrangements with any hedge counterparties.

Withholding tax in respect of the Issuer/Borrower Loans

The Issuer has been advised that, under current law, all payments made to it under the Issuer/Borrower Loans by the Borrower can be made without withholding or deduction for or on account of any United Kingdom tax. In the event that any withholding or deduction for or on account of United Kingdom tax is required to be made, the amount of any such payment will be increased to the extent necessary to ensure that, after that withholding or deduction has been made, the Issuer receives a cash amount equal to that which it would have received had no such withholding or deduction been required to be made.

If the Borrower is obliged to make such an increased payment to the Issuer, the Borrower will have the option (but not the obligation) to repay all of the affected outstanding Issuer/Borrower Loans in full. If the Borrower chooses to repay such Issuer/Borrower Loans, the Issuer will then be obliged to redeem the Notes in accordance with the Conditions. If the Borrower does not have sufficient funds to enable it to make such increased payments to the Issuer or to repay the affected outstanding Issuer/Borrower Loans, the Issuer may not have sufficient funds to enable it to meet its payment obligations under the Notes and/or any other payment obligations ranking in priority to, or *pari passu* with, the Notes.

CONSIDERATIONS RELATED TO THE BORROWER AND OTHER OBLIGORS

Borrower default may result in investors receiving less interest or principal than expected on the Notes

The obligations of the Borrower are not insured or guaranteed by the other parties involved in the issuance of the Notes (other than the Obligors) or by any other person or entity.

Amounts received on enforcement of the Obligor Security following a default under the CTA, including proceeds of any sale or other disposal of the Properties, could be insufficient to meet the Borrower's obligations under the Initial Issuer/Borrower Loan in full and may result in investors receiving less interest or principal than expected on the Notes, in which case Noteholders may ultimately suffer a loss.

The Borrower's ability to meet its obligations in respect of the Initial Issuer/Borrower Loan

The Borrower's ability to meet its obligations under the Initial Issuer/Borrower Loan will ultimately be dependent on the performance of the Property Portfolio and, in particular, the collection of rents from students and the ability to find tenants for vacant rooms within a Property (see the risk factor entitled "*Rental income is dependent on the stability of tenants and other counterparties*").

If the Borrower is unable to meet its obligations in respect of the Initial Issuer/Borrower Loan and any other amounts owed by it under the CTA and/or the Issuer/Borrower Facilities Agreement, then the sole recourse of the Issuer would, subject to the STID, be to instruct the Obligor Security Trustee to enforce the Obligor Security to be granted by the Borrower and the other Obligors.

Consequences of the occurrence of RCF Prepayment Event; Noteholders may be time subordinated

The Issuer/Borrower Facilities will rank *pari passu* with (among others) the Revolving Credit Facility. However if an RCF Prepayment Event has occurred the RCF Loans will in certain circumstances have priority in payment to the Issuer/Borrower Loan.

An RCF Prepayment Event will occur if a non-payment Obligor Event of Default has occurred under the CTA in respect of payments under the Revolving Credit Facility (including for avoidance of doubt, following a Material Adverse Change Prepayment Event or a Change of Control Prepayment Event) and such Obligor Event of Default has not been waived by the RCF Providers in accordance with the terms of the Revolving Credit Facility Agreement. Noteholders should be aware that a Material Adverse Change Prepayment Event or a Change of Control Prepayment Event are not additional prepayment events under the Issuer/Borrower Facilities Agreement. Noteholders should also note that if a non-payment Obligor Event of Default occurs under the CTA, the Noteholders waive such an event of default (in accordance with the STID) and the RCF Provider does not waive such Obligor Event of

Default, this will still constitute a RCF Prepayment Event under the Revolving Credit Facility Agreement.

In such case (where, if such RCF Prepayment Event is also a Trigger Event, no other Trigger Event has occurred and is continuing), the Limited Partnerships may provide the Obligor Security Trustee, the RCF Provider(s) and the other Obligor Secured Creditors with a plan (a **RCF Remedial Plan**) for the Obligors to receive new Subordinated Debt or equity and/or to dispose of Properties to realise Net Disposal Proceeds sufficient to repay the Revolving Credit Facility in full within 12 months of the occurrence of the RCF Prepayment Event.

The Obligor Security Trustee will receive any such RCF Remedial Plan for information only and shall not be required to take any action in relation to such information. If the RCF Remedial Plan is not provided within 30 Business Days of the occurrence of the RCF Prepayment Event or, if so provided, is not adhered to by the relevant Obligors, the Borrower shall appoint a suitably experienced third-party agent (with the prior written consent of the Property Advisor) or, if not appointed the RCF Agent (for and on behalf of the RCF Provider(s)) shall appoint such agent to dispose of the Properties identified in the RCF Remedial Plan.

If the Obligor Security has become enforceable prior to such RCF Remedial Plan being fully implemented, the Obligor Security Trustee will enforce the security over the Properties identified therein.

In addition, for so long as an RCF Prepayment Event has occurred and is continuing and (if such RCF Prepayment Event is also a Trigger Event) no other Trigger Event has occurred and is continuing, the Limited Partnerships shall apply the Net Disposal Proceeds of the disposal of a Property in accordance with the RCF Remedial Plan and all amounts then standing to the credit of the Disposal Proceeds Account, the RCF Allocation of amounts then standing to the credit of the Lock-Up Accounts and the RCF Allocation of amounts then standing to the credit of the Cure Deposit Account on each Interest Payment Date that the relevant RCF Loans remain outstanding in prepayment and cancellation of the Revolving Credit Facility (together with accrued interest and any related break costs) in accordance with the Prepayment Principles set out in the CTA.

This may impact the Limited Partnerships' ability to make subsequent payments under the Intra-Group Loans, which may in turn impact the Borrower's ability to make payments under the Initial Issuer/Borrower Loan, which may in turn impact the ability of the Issuer to make payment in respect of the Notes.

Additional financing risk of the Obligor Group may cause financial stress to the Obligor Group

The CTA allows the Borrower to incur additional financing through entering into Permitted Facilities. Any such increase in borrowings could cause the Obligor Group to become overindebted and may cause substantial financial stress to the Obligor Group. In order to minimise this risk, the CTA provides for various protections and conditions to such additional financing, including that the Loan to Value Ratio immediately after any drawing under such Permitted Facilities is less than or equal to 55 per cent. and that the Rating Agencies have confirmed or, in respect of a Rating Agency other than S&P, and only where any of the Rating Agencies is unwilling to provide such confirmation for any reason other than related to the rating itself, the Borrower certifies (after it has notified the relevant Rating Agency of the proposed incurrence of such Financial Indebtedness and after having made all reasonable enquiries with the relevant Rating Agency and otherwise and providing evidence to the Obligor Security Trustee to support such certification) that the then current ratings of the Notes will not be adversely affected by the entry into such additional Permitted Facilities.

Unsecured creditors of the Obligor Group

It should be noted that unsecured creditors of the Obligors, such as trade creditors and suppliers and HMRC, are not bound by the non-petition provision of the STID into the financing structure as they are not parties to the CTA and so will be able to petition for a winding up or administration of the Obligors where they fail to pay any amounts owed to them as they fall due. The Obligors will covenant in the CTA to pay such trade creditors, suppliers and HMRC on time.

Termination payments under Hedging Agreements

Subject to certain conditions being met, the Obligors may enter into Hedging Agreements from time to time. Each Hedging Agreement will provide that, upon the occurrence of certain events, the Hedging Transactions documented under that Hedging Agreement may terminate and a termination payment by either the Obligor who has entered into the relevant Hedging Agreement or the relevant Hedge Counterparty may be payable, the amount of such payment will depend on, among other things, the terms of such Hedging Agreement and the cost of entering into a replacement transaction at the time. Any termination payment due by an Obligor pursuant to a Hedging Agreement (other than (where applicable) the Subordinated Hedge Amounts) to the extent such termination payment is not satisfied by any applicable Hedge Replacement Premium which shall be paid directly by the relevant Obligor to the relevant Hedge Counterparty, will rank *pari passu* with payments in respect of the Issuer/Borrower Loan. If any termination amount is payable, payment of such termination amounts may affect amounts available to the Borrower to pay interest and principal on the Issuer/Borrower Loan which may affect the Issuer's ability to make payments of interest and principal on the Notes.

Any additional amounts required to be paid by an Obligor following termination of a Hedge Transaction (including any extra costs incurred in entering into a replacement hedge transaction) will also rank *pari passu* with payments in respect of the Issuer/Borrower Loan which may affect this Issuer's ability to make payments of interest and principal on the Notes.

Enforcement of the Obligor Security

If an Obligor Event of Default occurs, the Note Trustee (as the representative of the Issuer as an Obligor Secured Creditor in respect of the Issuer's rights under the Issuer/Borrower Loans pursuant to the Common Documents) (in such capacity, a **Secured Creditor Representative**) shall vote as directed by the Noteholders and holders of any Further Notes, Replacement Notes and/or New Notes on whether the Obligor Security Trustee should accelerate the Issuer/Borrower Loans and other Obligor Loans and/or to enforce the Obligor Security, provided that, in any such case, both the Note Trustee and the Obligor Security Trustee shall first have been indemnified and/or secured and/or prefunded to their satisfaction against all liabilities to which they may thereby become liable or which they may incur by so doing.

If the Obligor Security Trustee takes formal enforcement proceedings, this is likely to be done by the appointment of a receiver, manager, receiver and manager or an administrative receiver as defined in Section 29(2) of the Insolvency Act (an **Administrative Receiver**) in respect of Obligor HoldCo (see the risk factor entitled "*Insolvency Considerations – English law security and insolvency considerations*"). Alternatively, a "Law of Property Act" or non-administrative receiver (an **LPA Receiver** and, together with an Administrative Receiver or any equivalent person in England and Wales or Scotland, a **Receiver**) could (other than in Scotland) be appointed or, in certain cases, possession of the Properties could be obtained. Pending completion of the enforcement procedures, delays could be experienced in the collection of amounts due from the relevant Obligor and, subject to the availability of the Issuer Liquidity Facility to the Issuer, could result in a failure by the Issuer to pay amounts due under the Notes

in a timely manner. Any Receiver would be deemed to be the agent of the relevant Obligor (unless that Obligor enters into liquidation, following which the Receiver will act as principal as opposed to agent of such Obligor, or as agent of the Obligor Security Trustee (if the Obligor Security Trustee consents to the same)) and, for so long as the Receiver acts within his powers, would only incur liability on behalf of the relevant Obligor. The Receiver would, however, be likely to require from the Obligor Security Trustee an indemnity to meet his costs and expenses (which would rank ahead of payments due in respect of the Initial Issuer/Borrower Loan) as a condition of his appointment. However, if the Obligor Security Trustee were to unduly direct, interfere with or influence the Receiver's actions, the Obligor Security Trustee may be held to be responsible for those actions and may be deemed to have become a mortgagee or heritable creditor in possession. It is not possible to appoint an LPA Receiver under the fixed charges over the Properties located in Scotland (the **Scottish Properties**), where instead enforcement must be undertaken by the Obligor Security Trustee itself as heritable creditor in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970 although a non-administrative receiver could be appointed under the floating charge granted by each relevant Obligor over its Scottish assets.

In certain cases, the Obligor Security Trustee may take possession of the Properties. If so, possession may be obtained by the Obligor Security Trustee entering into physical possession of the Properties by applying for, obtaining and enforcing a Court order in respect of the Properties or by voluntary surrender of possession of the Properties by the Limited Partnerships and the Nominees to the Obligor Security Trustee. If a Court grants a possession order in favour of the Obligor Security Trustee, the Court may suspend its application to permit the Limited Partnerships more time to pay the amounts outstanding under the Intra-Group Loans.

The Obligor Security Trustee and/or any Receiver appointed by it, in exercising its power of sale over a Property will have a duty to the Limited Partnerships to take reasonable care to obtain a proper price. Any failure to do so will put the Obligor Security Trustee at risk of an action by the Limited Partnerships for breach of duty, although it is for the Limited Partnerships in such circumstances to prove such a breach of duty has occurred. The Limited Partnerships may also take Court action to attempt to force the Obligor Security Trustee to sell the Property within a reasonable time. A mortgagee or heritable creditor in possession will have an obligation to account to the Limited Partnerships for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements or incur financial liabilities in respect of the Property. A mortgagee or heritable creditor in possession may also be liable to an Occupational Tenant for any mismanagement of the relevant Property and may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), the liabilities of a property owner.

Recoveries upon the enforcement of the Obligor Security may not be sufficient to satisfy the Borrowers' obligations under the Initial Issuer/Borrower Loans in full.

In the event of a default by the Borrower under the CTA and/or the Issuer/Borrower Facilities Agreement, recourse will be to the assets of the Borrower and the other Obligors only, being the Properties, rents, contractual rights, receivables, shares or other capital interests and certain sums standing to the credit of bank accounts of the Borrower and the other Obligors charged as security to the Obligor Security Trustee.

In the event of enforcement of the Obligor Security Documents, it may be necessary to offer to re-let or, as appropriate, sell the relevant Properties. Amounts received in respect of the Properties by way of rent or sale price following a re-letting or sale could be insufficient to pay accrued interest on, and to repay principal of, the Initial Issuer/Borrower Loan in full, in which case Noteholders may ultimately suffer a loss.

The rent at which any Property could be re-let or the liquidation value of the Properties may be adversely affected by risks generally incidental to interests in student accommodation including, in particular, increased competition between universities and non-universities, demographic changes, changes in university funding, increases in the tuition fee caps and changes to the current UK government policy on higher education (see further the section of this Prospectus entitled "*Considerations related to the Properties and the Business of the Obligors*") in addition to changes in political and economic conditions or in specific industry segments, declines in property rental or capital values, variations in supply of and demand for retail space, prevailing gilt yields and interest rates, credit spreads, changes in governmental rules, regulations and fiscal policies, terrorism, acts of God and other factors which are beyond the control of the Obligors and any other party to the transaction of which the Notes form part.

There can be no assurance that the Obligor Security Trustee would recover, upon enforcement of the Obligor Security, amounts sufficient to discharge all sums then outstanding under the Issuer/Borrower Facilities Agreement and amounts ranking prior and *pari passu* thereto. Accordingly, sufficient funds may not be realised or available to make all required payments to the Issuer (or, following the delivery of an Issuer Enforcement Notice, the Issuer Security Trustee) and in turn the Noteholders.

English limited partnerships

The Limited Partnerships Act 1907 (the **Act**) governs the establishment and operation of limited partnerships in England and Wales and Scotland. A limited partnership under the Act consists of one or more general partners, who are (in the event that the assets of the partnership are inadequate) liable for all debts and obligations of the partnership, and one or more limited partners. Provided that the limited partnership is registered in accordance with the Act, limited partners are not liable for the debts and obligations of the partnership beyond the amount of their capital contribution, except (i) as specified in the relevant partnership deed and (ii) as provided in sections 4(3) and 6(1) of the Act (see below). Limited partnerships registered in England and Wales do not have a legal personality separate from their partners. Nonetheless, a change in any of the limited partners will not constitute the termination or dissolution of the partnership.

Subject to the requirement that a limited partnership must at all times consist of at least one general partner and one limited partner, any Limited Partner may, subject to the terms of the relevant partnership deed, retire from the partnership at any time. Further Limited Partners may only be admitted with the consent of the limited partners and the general partners pursuant to the terms of the relevant partnership deed. For further details on the Partnership Deeds for the Limited Partnerships, see the section of this Prospectus entitled "*The Obligors – The Limited Partnerships*" below.

Unless released by the other partners and creditors of the partnership, a retiring partner will remain liable for obligations arising under sections 4(3) and 6(1) of the Act. Section 4(3) of the Act provides that a limited partner who either directly or indirectly draws out, or receives back, any part of its capital contribution, becomes liable for the debts and obligations of the partnership up to the amount so drawn out or received back. Section 6(1) of the Act provides that a limited partner who has participated in the management of the partnership business is jointly liable for all debts and obligations of the partnership incurred during the period its participation continues.

A limited partnership may be dissolved in accordance with the provisions of the partnership agreement governing the limited partnership. In addition, under English law, the court may, on the application of any partner and on the satisfaction of certain statutory grounds, order the dissolution of the partnership. Pursuant to the Partnership Deeds for the Limited Partnerships, the relevant Limited Partnership shall continue until such date as the Limited Partners and General Partners shall unanimously agree. In addition, pursuant to the CTA the General

Partners will agree not to agree to terminate the relevant Limited Partnership until amounts under the Obligor Transaction Documents have been paid in full. The Partnership Deeds provide that the Limited Partners shall not take part in the management, administration or operation of the Limited Partnerships and shall have no right or authority to act for, or on behalf of, or bind the Limited Partnerships. Provided that each Limited Partnership (and each General Partner in the case of the Tax Deed of Covenant) complies with the covenants contained in the Obligor Security Documents, the CTA, the Borrower Facility Agreements, the Intra-Group Loan Agreement, the Tax Deed of Covenant and the Partnership Deeds limiting its activities, the Limited Partnerships should not (subject to limited exceptions) incur liabilities (and thus creditors) beyond the scope of the arrangements envisaged in this Prospectus— see the section of this Prospectus entitled "*The Obligors – The Limited Partnerships*" below.

The court may also, under English law, on the petition of a creditor, certain insolvency practitioners, the Secretary of State, a partner or any other person, make an order for the winding-up of a limited partnership and/or in certain circumstances one or more or all, of the partners.

Security over bank accounts

The Borrower, each General Partner on behalf of its Limited Partnerships and each Management Company will, in accordance with the terms of the CTA, establish certain bank accounts, the Security Accounts, into which, among other things, rental income and disposal proceeds in respect of the Properties must be paid (see further the section of this Prospectus entitled "*Summary of Transaction Documents - Common Terms Agreement*" below). Each of the Borrower, the Limited Partnerships and each Management Company will, pursuant to the terms of the Obligor Deed of Charge, grant security over all of its interests in the Security Accounts, which, in each case, is expressed to be fixed security.

Although the various bank accounts are stated to be subject to various degrees of control prior to an Obligor Event of Default, it is likely that, the Obligor Security Trustee will not exercise the requisite degree of control over the relevant Security Accounts, as such, a court would likely determine that the security interests granted in respect of those Security Accounts take effect as floating security interests only and that the security interests granted over the assets from which the monies paid into the accounts are derived also take effect as floating security interests only, notwithstanding that the security interests are expressed to be fixed. In such circumstances, monies paid into accounts or derived from those assets could be diverted to pay preferential creditors were a receiver, liquidator or administrator to be appointed in respect of the relevant entity in whose name the account is held. See further the section of this Prospectus entitled "*Fixed security interests may be recharacterised as floating security interests*".

Stamp duty land tax in respect of certain transactions involving the Limited Partnerships

Transfers of UK land are generally subject to stamp duty land tax (**SDLT**) on the consideration paid for the transfer (as at the date of this Prospectus, where the consideration for the transfer is more than £500,000, SDLT is charged at a rate of 4 per cent. for mixed use and certain residential properties such as the Properties), subject to the availability of certain reliefs and, where applicable, special rules relating to particular transactions such as those involving partnerships.

The SDLT rules relating to transactions involving partnerships (such as the Limited Partnerships) apply to transfers of UK land to partnerships and certain other transactions, including where a partner receives (in broad terms) a payment in connection with an earlier transfer of land to a partnership.

Where a property is transferred to a partnership, SDLT is generally chargeable by reference to the market value of the properties transferred. However, where the properties are transferred between connected partnerships, then the SDLT is instead charged on a reduced amount, by reference to the interest of unconnected persons in the partnerships. Certain Properties (the **Reorganisation Properties**) are to be transferred to USAF No. 1 Limited Partnership by USAF No. 4 Limited Partnership, USAF No. 5 Limited Partnership and USAF No. 6 Limited Partnership on the Closing Date (the **Reorganisation Transfers**). The Issuer understands that, at the time of the Reorganisation Transfers, the General Partners and the DT Trustee will be the only partners that are not partners in both the transferor and the transferee partnerships. The DT Trustee's and the General Partners' interests in the relevant partnerships at the time of the Reorganisation Transfers are expected to be small and so, under these rules, only a relatively small amount of SDLT should be payable on the transfer of the Reorganisation Properties to USAF No. 1 Limited Partnership.

Investors should note, however, that the SDLT rules applicable to partnerships are complicated. If, contrary to the Issuer's understanding, additional SDLT were to be payable in respect of the transfer of the Reorganisation Properties to USAF No. 1 Limited Partnership, that SDLT would be chargeable at a rate equal to 4 per cent. of a significant proportion of the market value of the Reorganisation Properties at the time they were transferred. The SDLT would be a liability of each of the partners in USAF No. 1 Limited Partnership such liability being on a joint and several basis.

In addition, where property has been transferred to a partnership in circumstances where the transferor is a partner or is connected to a partner, and within three-years of this transfer "money or money's worth" is withdrawn from the relevant partnership otherwise than by way of a distribution of income profits, an SDLT charge will arise. These rules will apply in relation to the Properties held by USAF No. 10 Limited Partnership and the Reorganisation Properties, as in each case these were acquired from connected persons within the last three years. For these purposes, "money or money's worth" would be withdrawn if a loan made by a partner or person connected to a partner is repaid. Loans have been made to USAF No. 1 Limited Partnership and USAF No. 10 Limited Partnership by the partners in these partnerships and persons connected to them (including the Borrower, pursuant to the Intra-Group Agreement). If, for example, these loans were repaid within three years of the relevant transfers, or if any of the Limited Partnerships disposed of a Property and distributed the (capital) profits to the partners within this period, SDLT would be payable on the amount repaid, distributed or withdrawn (subject to a cap equal, broadly, to the value of the relevant properties) at the then applicable rate. The liability to pay SDLT in this case would fall on all of the partners in USAF No. 1 Limited Partnership or USAF No. 10 Limited Partnership (as applicable) on a joint and several basis. The Obligor Transaction Documents provide for certain protection to be provided to mitigate the impact on the Notes of any charge to SDLT chargeable on the withdrawal of money or money's worth from USAF No. 1 Limited Partnership and USAF No. 10 Limited Partnership, including restrictions on the ability of USAF GP No. 1 Limited and USAF GP No. 10 Limited to take steps which would give rise to any material SDLT charge as a consequence of these rules.

If a liability to pay additional SDLT by reference to the transfer of the Reorganisation Properties to USAF No. 1 Limited Partnership were to arise, or if any subsequent transaction as summarised above gave rise to a liability to SDLT, the ability of USAF GP No. 1 Limited and USAF GP No. 10 Limited on behalf of USAF No. 1 Limited Partnership and USAF No. 10 Limited Partnership to meet its payment obligations under the Intra-Group Loans and, consequently, the Borrower's ability to meet its payment obligations under the Issuer/Borrower Loans and other Obligor Loans, could be adversely affected.

Value added tax in respect of property transfers

Under certain Value Added Tax (**VAT**) rules known as the Capital Goods Scheme (the **Capital Goods Scheme**), any person who acquires or constructs a "capital item" and recovers VAT from Her Majesty's Revenue & Customs (**HMRC**) on the acquisition or **construction** of that item, can be required to adjust the amount of tax they recovered, by reference to the extent to which they use the item to make supplies that are subject to VAT in the period of ten years following acquisition. In a case where all of the VAT incurred on the acquisition of the item has been recovered and within the ten-year period the item is used to make a supply that is exempt from VAT, an annual adjustment must be made and a proportion of the tax recovered must be repaid to HMRC.

Most of the Properties are "capital items", in respect of which all of the VAT that was payable on their original acquisition or construction by members of the UNITE Group was recovered by those members. The Issuer understands that the Properties were used by such members of the UNITE Group to grant leases to UNITE Group companies. Such supplies are exempt from VAT. However, under the Capital Goods Scheme disregard provision, these supplies are disregarded (provided they are made by the acquirer or constructor of the property) and, as such, no adjustment was required to be made by the UNITE Group to the amount of tax recovered on the acquisition or construction of the Properties.

The transfers of the Properties which are capital items by the UNITE Group to the Limited Partnerships, USAF No. 4 Limited Partnership and USAF No. 5 Limited Partnership, fell to be treated as transfers of going concerns for VAT purposes. Special VAT rules apply to such transfers. The underlying principle of these rules, reflected in certain provisions in the Capital Goods Scheme rules, is that the transferee inherits the transferor's VAT position in relation to the asset transferred. However, as the disregard provision in relation to the making of VAT exempt supplies may, on a particular interpretation of the provision, apply only to the original acquirer or constructor of the capital item, there is a technical risk that, when a transferee partnership makes VAT exempt supplies under the leases, they cannot be disregarded for the purposes of the application of the Capital Goods Scheme. As a consequence, if the Capital Goods Scheme were to apply to require a repayment, the transferee partnership would be liable to pay an amount to HMRC in respect of the tax recovered on USAF's acquisition of these Properties and any such liability would fall on the General Partners. HMRC have confirmed that the VAT exempt supplies made by the transferee partnerships can be disregarded and, consequently, no liability to repay VAT should arise.

The Issuer understands that if, notwithstanding the above confirmation, a liability to repay VAT should arise, the total amount (of approximately £10.3 million) that could be due to be repaid to HMRC some of which would be spread over periods lasting potentially up until 2019. The liability to make such payments to HMRC could adversely affect the ability of the General Partners on behalf of the Limited Partnerships to meet their payment obligations under the Intra-Group Loans and the other Obligor Loans and, consequently, the Borrower's ability to meet its payment obligations under the Issuer/Borrower Loans, could be adversely affected which would adversely affect the Issuer's ability to make payment on the Notes.

Withholding tax under the Intra-Group Loans

The Borrower has been advised that, under current law, all payments of interest under the Intra-Group Loan Agreement by the Limited Partnerships can be made to it without deduction or withholding for or on account of any United Kingdom tax. In the event that a withholding or deduction for or on account of any United Kingdom tax is required to be made from any payment of interest due from a Limited Partnership to the Borrower under the Intra-Group Agreement, the amount of that payment will be increased so that, after such withholding or deduction has been made, the Borrower will receive a cash amount equal to that which it would have received had no such withholding or deduction been required to be made.

If a Limited Partnership is required to make such an increased payment to the Borrower, that Limited Partnership will have the option (but not the obligation) to repay all of the affected outstanding Intra-Group Loans. If a Limited Partnership chooses to repay such Intra-Group Loans, the Borrower will then be obliged to repay the Initial Issuer/Borrower Loans in accordance with the Initial Issuer/Borrower Facilities Agreement and the Issuer will then be obliged to redeem the Notes in accordance with the Conditions. If there are insufficient funds to enable such increased payments to be made or to repay the affected Intra-Group Loans, the Borrower may not have sufficient funds to meet its payment obligations under the Initial Issuer/Borrower Loan and/or other payment obligations ranking in priority to, or *pari passu*, with, the Initial Issuer/Borrower Loan, and this in turn may adversely affect the Issuer's ability to meet its payment obligations under the Notes and/or any other payment obligations ranking in priority to, or *pari passu* with, the Notes.

The Obligor Security Trustee will not monitor the Obligors' compliance with representations and warranties and covenants or the occurrence of an Obligor Liquidity Event, Lock-Up Events, Trigger Events, Obligor Events of Default or Potential Obligor Events of Default

The STID provides that the Obligor Security Trustee will be entitled to assume, unless the Obligor Security Trustee is expressly informed otherwise, that no Obligor Liquidity Event, Lock-Up Event, Trigger Event, Obligor Event of Default or Potential Obligor Event of Default has occurred or is continuing. The Obligor Security Trustee will not itself monitor whether any such event has occurred. As the Issuer is a special purpose company, it will fall to the Obligors themselves to make these determinations as well as the determinations of the financial and operational positions underlying them, which may be subjective.

Although the Obligors have funds available to them under the Obligor Liquidity Facility, they will be unavailable to cover shortfalls in the Borrower's ability to make payments under the Initial Issuer/Borrower Loans

The Obligor Liquidity Facility and any amounts credited to the Obligor Liquidity Reserve Account are intended to cover certain shortfalls in the ability of Obligors to service interest payments under the Obligors Facilities (other than amounts due under the Issuer/Borrower Loans and the Intra-Group Loans). However, there are no assurances that any such shortfalls will be met in whole or in part by amounts standing to the credit of the Obligor Liquidity Reserve Account or by the Obligor Liquidity Facility which may result in the Borrower having insufficient funds to pay amounts due under the Issuer/Borrower Loans Agreement and any Permitted Facility Agreement which, in turn, could result in an Obligor Event of Default.

The Obligors may face restrictions or liabilities under applicable laws and regulations

The Obligors are required to comply with a variety of laws and regulations in the United Kingdom and from European Union authorities, including planning, zoning, environmental, fire, health and safety, tax, landlord and tenant and other laws and regulations. If the Obligors fail to comply with these laws and regulations, the Obligors may have to pay penalties or private damages awards.

Changes in existing laws or regulations, or in their interpretation or enforcement, could require the Obligors to incur additional costs in complying with those laws, or require changes to its investment strategy, operations or accounting and reporting systems, leading to additional costs and tax liabilities or loss of revenue, which could materially adversely affect the Obligors' business, financial condition and/or results of operations.

The payment by the Obligors of any costs incurred as a result of changes in existing laws or regulations, or payment of any significant fines in relation to the failure by the Obligors to comply with such laws or regulations, may reduce the amounts available to the Borrower to

make payments to the Issuer under the Issuer/Borrower Loan, which may in turn impact the ability of the Issuer to make timely payments in respect of the Notes.

The financial information of the Obligor Group included in this Prospectus may not be indicative of the Obligor Group's results of operations had it owned all of the Properties at the time such reports were prepared or of its future results of operations

The Obligors did not own all of the Properties included in the Property Portfolio on the dates on which their most recent annual audited financial statements were prepared. Accordingly, their annual accounts contained in Appendix 2 to this Prospectus should be read with this in mind. This is the reason the information set out in the section entitled "Unaudited Pro Forma Financial Information" (the **Unaudited Pro Forma Financial Information**) was prepared. The Unaudited Pro Forma Financial Information is provided for illustrative purposes only and by its nature addresses a hypothetical situation and, therefore, does not represent the Obligor Group's actual position or results had the Obligors owned all of the Properties at the time such reports were prepared during the periods presented in the Unaudited Pro Forma Financial Information. In addition, the Unaudited Pro Forma Financial Information should not be construed to be indicative of the future operating results or financial position of the Obligors.

CONSIDERATIONS RELATED TO THE PROPERTIES AND THE BUSINESS OF THE OBLIGORS

General risks relating to the ownership of property

Real or heritable property investments are subject to varying degrees of risk. Rental revenues and property values are affected by changes in the general economic climate and local conditions such as an oversupply of space, a reduction in demand for real estate in an area, competition from other available space or increased operating costs. Rental revenues and property values are also affected by such factors as political developments, government regulations and changes in planning or tax laws, interest rate levels, inflation, the availability of financing and yields of alternative investments. Residential rentals and values are sensitive to such factors which can sometimes result in rapid, substantial increases and decreases in rental and valuation levels. Any resulting decline in rental levels may adversely affect the ability of the Borrower to meet its obligations under the Issuer/Borrower Facilities Agreement which could result in Noteholders suffering a loss on their Notes. See also the risk factor entitled "*Considerations related to the Obligors – Demand for Obligor accommodation provided by the Obligors may be affected by increasing competition between operators and increasing levels of residential developments*".

Rental income in respect of the Property Portfolio is dependent on the stability of tenants and other counterparties

The Obligors' revenue is dependent on the collection of rents from students. All rent is invoiced in advance on termly, annual or semi-annual bases. The Obligors also obtain rent guarantees from the parents of UK students and actively manage any rental arrears. Although the Obligors focus on higher-quality properties that are likely to attract more affluent customers and obtain tenancy guarantees, defaults by customers may increase, particularly if the general UK economy suffers.

In addition, the net revenue generated from the Obligors' properties may depend on the financial stability of university clients with which the Obligors have direct contractual relationships. Tenants may default on contract terms, such as rental payment and pre-let agreements, or the advance bookings of student accommodation – see below "*Default under the Nomination Agreements in respect of the Property Portfolio*".

An increase in the level of defaults might impact on the revenue generated from operations as well as property valuations. Such impact may adversely affect the Limited Partnerships' ability to make payments under the Intra-Group Loans, which may in turn impact the Borrower's ability to make payments under the Initial Issuer/Borrower Loan, which may in turn impact the ability of the Issuer to make payment in respect of the Notes.

Default under the Nomination Agreements in respect of the Property Portfolio

The long-term agreements between an Obligor and a higher education institution, healthcare establishment or other institution or establishment employing or engaging key workers (including, but not limited to, nurses, firemen and policemen) under which such Obligor agrees to make available residential accommodation at a Property for persons nominated by such institution or healthcare establishment in return for the payment of specified sums (being payable irrespective of whether such accommodation is utilised) (the **Nomination Agreements**) contain provisions requiring the institutions which are party to them to identify potential occupiers and (in some cases) to make certain payments. There can be no assurance that such institutions will make such payments (if required to do so) when due or at all and any of the Borrower and/or the Obligors may suffer a loss as a result which may adversely affect the ability of the Borrower to meet its obligations under the Issuer/Borrower Facilities Agreement which could result in Noteholders suffering a loss on their Notes.

All Nomination Agreements contain provisions allowing the relevant institution to terminate in the event of insolvency-related events relating to the relevant Management Company. In all cases, the Nomination Agreements contain mortgagee protection provisions. The existence of a Nomination Agreement was considered material to the valuation for three of the Properties. In these cases, the security to be granted under the Obligor Deed of Charge includes security over the relevant Nomination Agreement. See "*Valuation Report*" contained in Appendix 1 to this Prospectus.

Default under the Direct Occupational Leases

There is a risk that rental income due from the Occupational Tenants will not be paid on the due date or will not be paid at all. In the event of a late payment of rent which is not received on the due date therefor and, where the resultant shortfall is not otherwise compensated for from other resources of the Limited Partnerships within the grace period for payment under the Intra-Group Agreement, the Limited Partnerships may fail to pay the amounts due under the Intra-Group Agreement and consequently the Borrower may fail to pay the amount due on the Issuer/Borrower Loans on the next Loan Payment Date and an Obligor Event of Default will occur. No assurance can be made that the resources available to the Issuer will, in all cases and in all circumstances, be sufficient to cover any shortfall of interest on the Notes and that an Issuer Event of Default will not in fact occur as a result of the late payment of rent.

Where a room within a Property is or becomes vacant during a tenancy and cannot be immediately re-let, the rental income from the relevant Property may be affected, although the relevant Obligor may have a right to recover unpaid amounts from the relevant tenant or any guarantor of that tenant's obligations and to apply any rental deposit paid by that tenant in satisfying unpaid amounts. Where a room becomes vacant at the end of a tenancy and cannot be immediately re-let, the level of rental income from the relevant Property will be affected.

Default under Head Leases

In the case of nine of the Properties, the interests held by the relevant Limited Partnerships, the General Partners (on behalf of its Limited Partnership) and the Nominees are entirely leasehold as opposed to freehold or heritable. A further two of the Properties are held part freehold and part leasehold (such leasehold interests, the **Head Leases**). The length of the Head Leases

under which these Properties are held ranges from 96 years to 999 years with one lease having 61 years remaining under its Head Lease.

As these Properties are held under leases, there is a risk in each such case that the landlord of the relevant Property may terminate 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 these leases are for nil or nominal sums. The most onerous tenant obligation in the Head Leases is typically an obligation to keep the buildings in good repair. Each Obligor has undertaken in the CTA to pay, when due, all sums payable by it under each Head Lease, to perform and observe all of its covenants under each Head Lease and not to commit a material breach of any Head Lease.

If any such breach occurs, the landlord may commence court proceedings or otherwise take action to terminate the Head Lease by way of "forfeiture", although court proceedings are more likely given the residential use to which the premises are put.

If this were to occur, the relevant Limited Partnership (and/or the Obligor Security Trustee as mortgagee) would have the right to apply to the court for relief from forfeiture. If granted, this would result in the continuation of the lease.

Relief from forfeiture

Relief is a discretionary remedy granted at the discretion of the court. Whilst its grant can never be guaranteed, a court is likely to look favourably on an application for relief provided the tenant: (i) has remedied the breach so far as the breach is remediable, (ii) has indicated that it intends to abide by the lease in future, and (iii) is able to place the landlord (in practical terms) in the same position as if the breach had not been committed (including paying the landlord's costs, together with compensation if necessary).

The main situations where relief is likely to be refused are: (i) where the breach in question was committed wilfully; (ii) where the breach causes stigma to apply to the premises; and/or (iii) where there has been a breakdown in relations between the parties. Relief will therefore be granted in many cases.

Plymouth, Birmingham and Bristol

In three cases ((i) Central Point, Plymouth, (ii) Londonderry House, Birmingham and (iii) Phoenix Court, Bristol), the Head Leases are themselves granted out of superior leases that sit below the freehold interest and above the Head Lease in which the relevant Limited Partnership has the property interest (**Superior Lease**). The rent obligations under the superior leases for Central Point, Plymouth and Phoenix Court, Bristol are for nominal sums. In respect of two of these properties (Central Point, Plymouth and Londonderry House, Birmingham) the Superior Lease comprises other land in addition to the relevant Property. As such, there is a risk that the Superior Lease could be forfeited by the Superior Landlord in respect of breaches of lease over which the relevant Obligor does not have control, for example those caused or permitted by an owner or occupier of other land demised by the Superior Lease. This would include land demised to other tenants under the Superior Lease as well as the relevant Limited Partnership's landlord where it has retained land for its own purposes, such as common parts or retains responsibility for matters relating to the building as a whole.

If the Superior Landlord were to forfeit the Superior Lease, the Head Lease would also be terminated, but both: i) the relevant Limited Partnership's landlord, and (ii) the relevant Limited Partnership as sub-tenant (or the Obligor Security Trustee as the sub-tenant's mortgagee) would have the right to apply to the court for relief from forfeiture.

In the first case (where the application for relief is made by the Limited Partnership's landlord), similar considerations would apply as above. If granted, the Head Lease would automatically be reinstated upon reinstatement of the Superior Lease.

In the second case (where the application for relief is made by the relevant Limited Partnership as sub-tenant or the Obligor Security Trustee as the sub-tenant's mortgagee), the court again has discretion to grant relief, although the court is aware that the landlord never chose to enter into a contractual relationship with that sub-tenant and therefore scrutinises applications very carefully.

In the case of the Plymouth and Birmingham properties, the premises demised to the Limited Partnership are self-contained separately lettable parts, making relief in respect of part potentially available. A number of factors are considered, of which the key one is likely to be whether the grant of relief is compatible with the landlord's plans for the building. The Limited Partnership would also need not to be in substantial breach of the terms of its lease (or the Superior Lease); be willing to agree to comply with the terms of the Superior Lease going forward so far as they affect the sub-let premises; and be considered of sufficient covenant strength.

If relief were granted, it would take the form of the vesting of a new lease of the premises in the relevant Nominees on behalf of its Limited Partnership, on terms decided by the court. If the court is not willing to grant the Limited Partnership a new lease in relation to part only of the premises, it may consider granting a lease in relation to the whole.

If relief from forfeiture were not obtained by the relevant Limited Partnership (or by the Obligor Security Trustee as mortgagee), all future income from that Property would be lost which could result in the Borrower having insufficient resources to meet its obligations under the Issuer/Borrower Facilities Agreement which could result in Noteholders suffering a loss on their Notes.

Reliance on the Valuation Reports

The Initial Valuations have been carried out as at 20 May 2013 and are set out in the valuation report (the **Valuation Report**) dated 20 May 2013, prepared by CBRE. See "*Valuation Report*" contained in Appendix 1 to this Prospectus. However, there can be no assurance that the market value of the Properties will continue to be valued at a level equal to or in excess of such Initial Valuations. To the extent that the value of any of the Properties fluctuates, there is no assurance that the aggregate of the value of the Properties will remain at least equal to or greater than the unpaid principal and accrued interest and any other amounts due under the Issuer/Borrower Facilities Agreement and other Obligor Facility Agreements. If any Property is sold following an Obligor Event of Default, there is no assurance that the net proceeds of such sale will be sufficient to pay in full the amounts advanced against that Property as at the Closing Date.

Dependence on re-letting

The Obligors' ability to repay the Issuer/Borrower Loans and the Intra-Group Loans and other Obligor Loans will depend in part on the ability of the Obligors to continue to let the Properties on economically favourable terms. The weighted average occupancy of the Property Portfolio is 95 per cent., calculated on the basis of typical students' lease terms (9 to 12 months) in the 2012/2013 academic year and averaged 97 per cent. over the five academic years preceding the date of this Prospectus. As substantially all of the income from the Properties derive from rentals, the Obligors' ability to make payments on the Intra-Group Loans, the Issuer/Borrower Facilities Agreement and other Obligor Facility Agreements could be adversely affected if occupancy levels of the Properties were to fall and/or a significant number of tenants or other

occupiers were unable to meet their obligations to the relevant Management Company under their leases.

Properties subject to Direct Occupational Leases (even if the subject of a Nomination Agreement) are generally short-term tenancies (usually up to a year) and so the relevant Properties will need to be re-let frequently. Nomination Agreements may, in some circumstances, also be terminated during the life of the Issuer/Borrower Facilities Agreement and other Obligor Facility Agreements either as a result of break clauses, default or expiry. USAF currently has a successful short-term letting strategy. However, there can be no assurance that such space will be re-let or Nomination Agreements renewed or, if re-let or renewed, that new tenancy agreements or Nomination Agreements will be on terms as favourable to the relevant Management Company as those currently in place or that the tenants under any new tenancy agreement or counterparties to any new Nomination Agreement will be as creditworthy as any tenants under existing tenancy agreements or counterparties under existing Nomination Agreements.

The ability to attract tenants paying rent levels sufficient to allow the Obligors to pay amounts under the Intra-Group Loan Agreement and, consequently, the Borrower to make payments due under the Issuer/Borrower Facilities Agreement and other Obligor Facility Agreements will be dependent, amongst other things, on tenant demand and rental levels which can be influenced by a number of factors, including relative prices of competing accommodation, availability of suitable space, demand for space and government policies on higher and further education. See further risk factor *“Rental income in respect of the Properties is dependent on the stability of tenants and other counterparties”*.

Uninsured loss in relation to the Property Portfolio

The CTA requires the Obligors to carry insurance with respect to the Properties (or diligently enforce all obligations on the part of the superior landlords to insure under the relevant Head Lease) in accordance with the terms set out in the CTA. The requirements set out in the CTA are consistent with the policy of UIS as Property Manager to act as a prudent and responsible manager of property assets. There are, however, certain types of losses (such as losses resulting from wars, nuclear radiation, radioactive contamination and settling of structures) which are not covered by the required insurance policies. Losses resulting from terrorism, civil commotion and subsidence are currently covered by the insurance policies. There can be no guarantee, however, that losses from terrorism, heave and subsidence or certain other types of losses will remain insurable or economically insurable and therefore covered by the required insurance policies throughout the term of the Issuer/Borrower Loan. No assurance can be given that material losses in excess of insurance proceeds received in respect of a Property will not occur in the future or that any insurance proceeds in respect of a Property will be received at all.

Inflation, changes in building codes and ordinances, environmental considerations and other factors, including terrorism or acts of war, also may result in insurance proceeds, if any, being insufficient to repair or rebuild a Property if it is damaged or destroyed. Under such circumstances, the insurance proceeds, if any, may be inadequate to restore the Obligors' economic position with respect to the affected real estate. Should an uninsured loss or a loss in excess of insured limits occur, the Obligors could lose capital invested in the affected Property as well as anticipated future revenue from that Property. In addition, the Obligors could be liable to repair damage caused by uninsured risks. The Obligors would also remain liable for any debt or other financial obligations relating to that Property.

The Obligors' insurance policies are subject to exclusions of liability and limitations of liability both in amount and with respect to the insured loss events.

If such losses occur and are not covered by insurance, there could be an adverse effect on the Obligors' business, financial condition and/or operations. The Borrower's ability to repay the Issuer/Borrower Loans and other Obligor Loans and, in turn, the ability of the Issuer to meet its obligations under the Notes might be affected adversely if such an uninsured or uninsurable loss were to occur.

Pursuant to the CTA, the Obligors are obliged to ensure that each insurance policy is in the names of the relevant Obligors or its holding company with the Obligor Security Trustee named on such insurance policy as co-insured and first loss payee other than in respect of Londonderry House and Central Point (where the insurance is in the name of the estate owner for the time being of any interest in reversion whether mediate or immediate to the term of years granted by a Lease (a **Superior Landlord**)) and Blackfriars (4 Blackfriars Road, Glasgow) (where the Property is insured under the joint names of the relevant Obligor and the owner of the leisure unit comprised in the building of which 4 Blackfriars Road forms part). In respect of Londonderry House and Central Point, the relevant Obligors maintain separate loss of rent insurance in their own names under which the Obligor Security Trustee will be named as first loss payee and in respect of Blackfriars, the relevant Obligor will procure that the interest of the Obligor Security Trustee is noted on the relevant insurance policy as heritable creditor *primo loco*.

Matters affecting title in relation to the Property Portfolio

A number of the Properties are subject to restrictive covenants (or title conditions). Some of these covenants are unknown (where documents are lost the Land Registry imposes protective entries in case the lost documents do indeed contain restrictive covenants). Some of the covenants affect only part of a Property. Few of the restrictive covenants are of recent origin. Some of the restrictive covenants could have been breached. This could lead to the person with the benefit of the covenants, in certain circumstances, enforcing such covenants and potentially adversely affecting the current use and/or marketability of the relevant Property and giving rise to an exposure for damages.

Some of the Properties are also subject to defects in title consisting of lack of easements or servitudes (e.g. access and drainage rights), which could adversely affect the current use and/or marketability of the Properties.

Some of the Properties have restrictive covenants and/or defective title and/or absence of easement indemnity insurance. However, if any of the insurance policies were to be avoided by the insurers or any of the insurers were to become unable to meet their commitments or the insurance cover is inadequate, there is the potential for loss.

Legal title in relation to the Property Portfolio

The Nominees in relation to each Property may not as at the Closing Date be registered as legal proprietors of the relevant Properties and consequently the Obligor Security Trustee will not be registered immediately as proprietor of the first ranking mortgage or Standard Security to be granted to it by each relevant Obligor over such Properties. Each relevant Obligor has confirmed that it will procure that an appropriate application to register such Nominees' title to the relevant Properties and to register each mortgage or legal charge in respect of any Property situated in England and Wales pursuant to the Obligor Deed of Charge (the **Legal Charge**) or standard security to be granted by the relevant Obligors in favour of the Obligor Security Trustee pursuant to the Obligor Deed of Charge in respect of any Property situated in Scotland (the **Standard Security**) is made (in each case accompanied by all appropriate documentation and searches and fees within the appropriate time period) and that, following consultation with its external legal advisers, it is not aware of any reason why it should not in due course be registered as legal proprietor of the relevant Property to which it is acquiring legal title (subject only to matters referred to in the certificates of title, substantially (in relation to the Properties

located in England) in the City of London Law Society standard form, 7th edition or (in relation to the Properties located in Scotland) based on the City of London Law Society, standard form 7th edition, amended as appropriate to take account of Scots law, most recently prepared and delivered to the Obligor Security Trustee in connection with the Properties, or such other form as may be agreed with the Obligor Security Trustee from time to time (the **Certificates of Title**)) or why the Obligor Security Trustee should not in due course be registered as proprietor of the mortgage or heritable creditor under the Standard Security over any Property.

Environmental risks in relation to the Property Portfolio

Various laws may require a current or previous owner, occupier or operator of property to investigate and/or clean-up substances or releases at or from such property that are likely to cause harm to the environment or water pollution. These owners, occupiers or operators may also be obliged to pay for property damage and for investigation and clean-up costs incurred by others in connection with such substances. Such laws typically impose clean-up responsibility and liability having regard to whether the owner, occupier or operator knew of or caused the presence of the substances. Even if more than one person may have been responsible for the contamination, each person coming within the ambit of the relevant environmental laws may be held responsible for all of the clean-up costs incurred.

If an environmental liability arises in relation to the Properties and it is not remedied, or is not capable of being remedied, this may result in the Properties either being sold at a reduced sale price or becoming impossible to sell. In addition, third parties may bring legal proceedings against a current or previous owner, occupier or operator of a site for damages and costs resulting from substances emanating from that site. These damages and costs may be substantial. In addition, the presence of substances on a property could result in personal injury or similar claims by private plaintiffs or pursuers.

If any environmental liability were to exist or arise in respect of any Property, the Obligor Security Trustee should not incur any such liability prior to enforcement of the Obligor Security, unless it could be established that the Obligor Security Trustee had entered into possession of the relevant Property(ies) or had exercised a significant degree of control or management of either the relevant Property(ies) or the relevant environmental problem(s). After enforcement, the Obligor Security Trustee, if deemed to be a mortgagee or heritable creditor in possession, or a receiver appointed on behalf of the Obligor Security Trustee, could become responsible for environmental liabilities in respect of a Property. If the Obligor Security Trustee unduly directed or interfered with the actions of the directors of the legal owners of the Properties or directed or interfered with the receiver's actions or if a receiver's indemnity had been given and that indemnity covered environmental liabilities, this could also result in a liability for the Obligor Security Trustee. See further the risk factor entitled "*Considerations related to the Borrower and other Obligors –Enforcement*".

Property management in relation to the Property Portfolio

The net cash flow realised from the Properties may be affected by management decisions. As at the Closing Date, all of the Properties will be managed as to general upkeep and day-to-day operations by the Property Manager on behalf of the relevant Limited Partnership and each Management Company.

Each Management Company will covenant to procure that the Property Manager (including any replacement property manager appointed other than by the Obligor Security Trustee) manages the Properties to a standard consistent with that of a prudent property owner and in accordance with the principles of good estate management. Following enforcement of the Obligor Security, the Obligor Security Trustee will be entitled to enforce the rights of each Management Company against the Property Manager.

While the Property Manager is experienced in, and focuses on, managing student accommodation, there can be no assurance that it will continue to act in that capacity. If the appointment of the Property Manager is terminated, there is no assurance that an appropriate successor property manager could be engaged or engaged on appropriate terms.

The Obligor Security Trustee has no obligation to act as a property manager.

Delegation under the Obligor Transaction Documents

Except to the limited extent described herein, none of the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee nor any Noteholder has any right to participate in the management or affairs of the Issuer, the Borrower, any of the other Obligors or the Property Manager. In particular, such parties cannot supervise the functions relating to the management or operation of the Properties and the leasing and re-leasing of the space within the Properties or otherwise.

None of the Borrower, the Limited Partnerships, the General Partners, the Nominees or Management Companies has executive management resources of its own and, as such, the Borrower, the Limited Partnerships, the General Partners, the Nominees and the Management Companies will each rely upon, *inter alia*, the Property Manager and other service providers for all asset servicing, executive and administrative functions. Failure by any such party to perform its obligations could have a Material Adverse Effect upon the Issuer's ability to repay the Notes. There can be no assurance that, were any such party to resign or its appointment be terminated, a suitable replacement service provider could be found or found in a timely manner, and engaged on terms acceptable to the Note Trustee, the Issuer Security Trustee, or the Obligor Security Trustee, as applicable. In either case this might cause a downgrading in the then current ratings of the Notes by the Rating Agencies.

Frustration in respect of the Leases

A Direct Occupational Lease in respect of a Property 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 tenable or if an event occurs which otherwise precludes performance of the parties' rights and obligations under the lease. If a Direct Occupational Lease were so frustrated then this could operate to have an adverse effect on the income derived from, or able to be generated by, the relevant Property. This in turn could cause the relevant Limited Partnership to have insufficient funds under the Intra-Group Loan and other Obligor Loans and, as a consequence, the Borrower to have insufficient funds to make payments in full in respect of the Issuer/Borrower Facilities Agreement.

Compulsory purchase

Any property in the United Kingdom may at any time be compulsorily acquired by a public authority possessing compulsory purchase powers (for instance, local authorities and statutory undertakers (including electricity, gas, water and railway undertakers) in respect of their statutory functions) if it can demonstrate that the acquisition is required.

Any promoter of a compulsory purchase order would need to demonstrate that the compulsory purchase was necessary or desirable for the promoter's statutory functions and/or in the public interest.

As a general rule, if an order is made in respect of all or any part of a property, compensation would be payable on a basis equivalent to the open market value of the owners' proprietary interests in the property at the time of the purchase, so far as those interests are included in the order, 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, although advance interim payments of compensation may be available where the acquiring authority takes possession before compensation has been granted.

It is possible that a compulsory purchase order may be made in respect of one or more of the Properties in the future. In such event, there is no guarantee that the amount or timing of the compensation received in connection with any compulsory purchase order of a Property, would not have an adverse effect on the ability of the relevant Limited Partnerships to make payments under the Intra-Group Loans and other Obligor Loans and, consequently, the ability of the Borrower to make payments under the Issuer/Borrower Facilities Agreement. Accordingly, it is possible that a compulsory purchase order may have an effect on the resources available to the Issuer to make payments on the Notes.

Reports and valuations in relation to the Property Portfolio

There is a risk that there may be factors concerning the title to the Properties which would, if known, affect their market value. In order to mitigate this risk, the below certificates and reports have been produced. However, there can be no assurance that such certificates and reports will have identified all relevant factors relating to title.

Apart from the Certificates of Title, the property reports on title addressed to and which may be relied on by, amongst others, the Issuer and the Obligor Security Trustee prepared by Nabarro LLP, Walker Morris LLP and Dundas & Wilson LLP in respect of the Properties situated in England and Wales and by Dundas & Wilson CS LLP in respect of the Scottish Properties (the **Materiality Reports**), the Valuation Report, the environmental reports prepared by BWB Consulting Limited (the **Environmental Reports**) and the building condition surveys prepared by Jones LaSalle and Savills (the **Buildings Condition Surveys**), no reports have been prepared specifically, or made available, for the purpose of this Prospectus or the transactions contemplated herein and none of the Issuer, the Joint Lead Arrangers, the Bookrunners, the Obligor Security Trustee, the Issuer Security Trustee or the Note Trustee has made any independent investigation of any of the matters stated therein, except as disclosed in this Prospectus.

There can be no assurance that the market value of a Property or the Property Portfolio as a whole will continue to be equal to or exceed the valuations given to it in the Valuation. Each Valuation is inherently subjective due to, among other factors, the individual nature of each Property, its location and the expected future rental revenues from that particular Property at a particular point in time, and subject to various limitations, qualifications and assumptions. Assumptions often differ from the current facts regarding such matters, may prove to be inaccurate, and are subject to various risks and contingencies, many of which are not within the control of the Issuer, the Obligor Security Trustee or the Issuer Security Trustee. In addition, as "prime" real estate assets, the Properties may attract a valuation based on lower investment yields. Moreover, a valuation is only an estimate of value at the date it is given and should not be relied upon as a measure of realisable value in the future. Further, a valuation seeks to establish the amount a typically motivated buyer would pay a typically motivated seller. Such amount could be significantly higher than the amount obtained from the sale of any of the Properties in a distress or liquidation sale. In addition, due to the inherently subjective nature of a valuation (a) it is unlikely that any two valuers will determine the same market value of a property, even if provided with the same information relating thereto, and as such (b) a margin of error between two valuations is commonly accepted.

The assumptions and risks relating to the Valuation Report are set out in section "*Valuation Assumptions*" of the Valuation Report, in the section entitled "*Valuation Report*" contained in Appendix 1 to this Prospectus.

Acquisitions and disposals of the Properties

Pursuant to the terms of the CTA, the Obligor will be entitled to dispose of and/or acquire Properties in certain circumstances. The risks associated with the effect of the disposal or acquisition of Properties on the value and rental income generative capacity of the Property Portfolio in aggregate are mitigated by the acquisition criteria and other conditions related to disposals and acquisitions under the CTA, which are intended to maintain the overall quality of the Property Portfolio. The tax risks associated with the substitution of the Properties are regulated by the provisions of the Tax Deed of Covenant. See further the section of this Prospectus entitled "*Summary of Transaction Documents – Common Terms Agreement*".

Obligor may include properties with latent defects

There is a risk that buildings which have been constructed as part of any of the Obligor's properties may have a latent design defect which has not yet come to light and could require capital expenditure to remedy the defect which is not currently budgeted for. Where an Obligor has procured new buildings under a construction contract, the relevant building contractor will be obliged to maintain professional indemnity insurance and an Obligor would seek to recover the costs of remediation of that risk from the building contractor or its insurers. The recovery of those sums is a business risk and would not generally relieve the relevant Obligor from its obligations to keep the buildings in a good state of repair and condition. In the event a latent defect requires significant capital expenditure and/or an Obligor is unable to recover the costs of remediation from other sources, such expenditure could have an effect on the resources available to that Obligor to make payments under the Intra-Group Loan and the other Obligor Loans and, therefore, the Borrower's ability to service the Issuer/Borrower Loan, which may in turn impact the Issuer's ability to make interest payments and meet redemptions on the Notes.

Sinking funds established by the Obligor may prove to be insufficient

The Obligor have made provision for the renewal and maintenance of various building components/fabric. These amounts have been assessed by reference to building conditions surveys and/or the anticipated life cycle of the specified materials in relation to new build projects. These amounts have been assessed by the Property Managers' Estates Management teams. These teams use condition surveys and their own regular site inspections to identify the work required each year to maintain the Properties to the appropriate standard. The adequacy of the sinking fund may over time prove to be less than required for the following reasons, among others:

- the original assumptions may prove to be incorrect over the anticipated life of the project;
- obsolescence of a product or individual components, which could not have been reasonably foreseen;
- the use of the building is not in accordance with the original assumptions and has led to greater wear and tear; or
- partial or non-recovery of damage rectification costs through the incorrect application of the damage deposits could mean that sinking fund monies are utilised prior to the planned replacement/renewal.

In the event a sinking fund proves insufficient, the relevant Obligor may need to fund renewal and maintenance works from other sources which could have an effect on the resources available to that Obligor to make payments under the Intra-Group Loan and the other Obligor Loans and, therefore, the Borrower's ability to service the Issuer/Borrower Loan, which may in turn impact the Issuer's ability to make interest payments and meet redemptions on the Notes.

Changes in the Obligors' tax status or to tax legislation may affect the Issuer's ability to fulfil its commitments

Tax rules and their interpretation may change. Any change to the tax status of any Obligor or to taxation legislation or its interpretation may affect the Obligors' ability to realise income on investments and a return on any disposal of investments. Reduced income and capital returns on investments may have an adverse effect on the Limited Partnerships' ability to make payments due under the Intra-Group Loans, which may in turn impact the Borrower's ability to make payments due under the Initial Issuer/Borrower Loan, which may in turn impact the ability of the Issuer to make payments due in respect of the Notes.

Obligors are exposed to health and safety risks

There is a risk that changes to health and safety legislation could have an adverse impact on an Obligor's business and require unplanned and unbudgeted capital expenditure to ensure compliance. In addition, non-compliance by an Obligor may result in prosecution and fines by the Health and Safety Executive.

One area of importance is the regulation of houses in multiple occupation (also known as **HIMOs**). HIMO regulation was introduced in 2006 to improve the quality of existing private rented stock both in terms of physical condition and management. The regulation falls on local authorities to licence HIMOs, and should the regime extend to Obligor's accommodation this would result in an additional compliance burden it does not currently undertake.

Such unplanned or unbudgeted capital expenditure, or payment of any significant fines, may reduce the amounts otherwise available to the Borrower to make payments to the Issuer under the relevant Issuer/Borrower Loan, which may in turn impact the ability of the Issuer to make timely payments in respect of the Notes.

USAF's success depends on attracting and retaining key personnel

The success of USAF and, as a result, the success of the Obligor Group, depends to a significant extent, on the continued services of its executive management and property administration teams, which have substantial experience in the property industry. In addition, USAF's ability to continue to identify properties depends on the management's knowledge of, and expertise in, the property market. There is no guarantee that any of the executive management or property administration teams will remain employed by UNITE and/or USAF. The sudden and/or unanticipated loss of the services of one or more members of the executive management or property administration teams could have an adverse effect on UNITE's and/or USAF's and consequently the Obligors' business, financial condition and/or results of operations which could, in turn, have a material adverse impact on the ability of Borrower to make repayments under the Issuer/Borrower Loan and, in turn, the ability of the Issuer to meet its obligations under the Notes.

Costs may increase

The Obligors' operating and other expenses could increase without a corresponding increase in turnover or rents. Factors which could increase operating and other expenses include increases in:

- the rate of inflation;
- staff and energy costs;
- property taxes and other statutory charges;
- insurance premiums; and
- the costs of maintaining properties.

Such increases could have a Material Adverse Effect on the Obligors' business, financial conditions or results of operations.

Real estate valuations may fall or be difficult to realise

The value of the Obligors' Property Portfolio may fall. This may be as a result of a reduction in the rental rates achievable in respect of certain or all of the Properties, or of other factors. These factors may include general economic conditions, such as the availability of credit finance and the performance of the UK economy, or particular local factors such as competition. Further, the valuation of real estate is inherently subjective and there can be no guarantee that any sale by the Obligors of any of its properties will necessarily realise the value at which such property is held in the Obligors' accounts.

Real estate is illiquid and can be difficult to sell. In the event that the Obligors are unable to sell properties (whether to its own co-investment vehicles or other third parties), the Obligors may be unable to realise cash from its investments portfolio. Such impact may adversely affect the Limited Partnerships' ability to make payments under the Intra-Group Loans, which may in turn impact the Borrower's ability to make payments under the Issuer/Borrower Loans, which may in turn impact the ability of the Issuer to make payment in respect of the Notes.

Property acquisition involves certain risks, including risks relating to liabilities associated with the property and risks of cost inflation

The acquisition of Properties involves a number of risks inherent in assessing the values, strengths, weaknesses and profitability of properties. Whilst it is the Obligors' policy to always undertake sufficient and appropriate valuations and environmental and structural surveys in order to assess those risks, unexpected problems and latent liabilities or contingencies such as the existence of hazardous substances or other environmental liabilities may still emerge. Any such liabilities or unexpected problems might impact the value of the Obligors' assets. Such impact may adversely affect the Limited Partnerships' ability to make payments under the Intra-Group Loans, which may in turn impact the Borrower's ability to make payments due under the Initial Issuer/Borrower Loan, which may in turn impact the ability of the Issuer to make payments in respect of the Notes.

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

There is a risk of accidents at premises owned by the Obligors, which could result in personal injury to tenants, people visiting the premises, employees, contractors or members of the public. The Obligors place great importance on health and safety and it has approved policies and procedures applicable to all its locations. In addition, the Obligors have public liability insurance in place which they consider provides an adequate level of protection against third party claims. However, should an accident attract publicity or be of a size and/or nature that is not adequately covered by insurance, the resulting publicity and costs could have an adverse impact on the Obligors' reputation, business, financial condition or results of operations. In such

instance, the Obligors' ability to put in place public liability insurance cover in the future may also be adversely affected. Such impact may adversely affect the Limited Partnerships' ability to make payments under the Intra-Group Loans, which may in turn impact the Borrower's ability to make payments under the Issuer/Borrower Loans, which may in turn impact the ability of the Issuer to make payment in respect of the Notes.

Property investment may be affected by legal and regulatory changes

The risks incidental to the ownership of real estate include changes in relation to tax and landlord/tenant, environmental protection and safety and planning laws, as well as land use and building regulation standards.

If these laws and regulations are changed, or new obligations imposed, property development and investment may become more difficult or costly, and therefore have an adverse effect on the income from, and value of, any properties owned by the Obligors. New laws may be introduced which may be retrospective and affect existing planning consents.

In addition, investors should note that changes in the legal framework concerning planning rules in the UK may negatively influence the values of properties.

From time to time, regulations are introduced which can impact on the costs of property ownership and which can affect returns. In recent periods those 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. Such impact may adversely affect the Limited Partnerships' ability to make payments under the Intra-Group Loans, which may in turn impact the Borrower's ability to make payments under the Issuer/Borrower Loans, which may in turn impact the ability of the Issuer to make payment in respect of the Notes.

The Obligors are exposed to demand risk and a potential fall in occupancy

The Obligors are exposed to demand risk each year up to and until a student enters into a legally binding commitment to accept an offer of a room in the accommodation. For further details see the section of this Prospectus entitled "*The Obligors*".

Demand for the accommodation is influenced by a number of external factors, including:

- sector-related factors that influence the overall numbers of students undertaking courses of study, including the funding of higher education, changes to tuition fees and the United Kingdom government's policy to drive greater competition between institutions in particular for high achieving students;
- factors that influence the number of students undertaking courses of study at the universities in the vicinity of the relevant student accommodation including the relative attractiveness of that university compared to alternative higher education institutions;
- factors affecting the specific demand for the Obligor's accommodation, including the quality of the offerings available, the proximity of accommodation to the campus, the facilities it has to offer, as well as the price of the accommodation relative to alternatives;
- changes in Government policy on higher education (such as tuition fee increases or changes to immigration rules) may reduce the number of students and/or reduce the disposable income of students (and therefore the amount available to be spent on accommodation); and

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

Obligors may have to set the rents at a level below that to which it is contractually entitled in order to maintain occupancy levels

The implications of demand risk are that an Obligor's accommodation may not be full at the rent levels set, or, in order to sustain demand, an Obligor may have to reduce the rent to compete for students. This would impact the revenue earned by the Obligor. Each Obligor's ability to meet its operating expenses and service the Intra-Group Loan is dependent on demand being sustained during the period to and including the Initial Loan Final Maturity Date and the Obligors have no other sources of income other than the rents from occupiers of the accommodation and commercial lettings.

Changes in university funding could affect overall student numbers pursuing courses of study which could have an impact on rental revenues

The Higher Education Funding Council for England (**HEFCE**) is responsible for distributing public funds to higher education institutions in accordance with agreed criteria to higher education institutions. Under the current funding arrangements, HEFCE allocates funds to universities by applying a formula to determine how much the institution requires in order to fund its activities. Universities are then able to determine exactly how to apply this funding, taking into account their own priorities but ensuring that they comply with the broad criteria set out by HEFCE, for example in relation to student numbers. Total student numbers for universities are therefore dependent on funding allocation from HEFCE.

HEFCE funding was reduced from the start of the 2012/2013 academic year. As a consequence, the universities' publicly funded income is becoming more dependent upon the tuition fees that it receives from students. Under the new funding arrangements, a significant proportion of public funding will go directly to students in the form of a loan from the Student Loan Company (rather than from HEFCE directly to universities in the form of a grant).

In future the level of funding provided by HEFCE will generally be based on research quality and so the ability of a university to receive research funding for its research from HEFCE will be influenced by its ability to carry out research recognised as internationally excellent and world-leading.

The Scottish Funding Council (**SFC**) is responsible for allocating public funds to Scotland's higher education institutions in support of Scottish Government priorities. SFC introduced an outcomes-based approach to funding for the 2012/2013 academic year, which focussed on the contribution Scotland's higher education institutions can make towards improving life chances, supporting world class research and creating economic growth for Scotland. In addition to SFC funding, Scotland's higher education institutions also receive income from tuition fees.

It is unclear how the changes in university funding will affect overall student numbers in both England and Scotland. Any decrease in the numbers of students pursuing courses of study could have a consequent effect on the rents an Obligor is able to collect and, as a result, affect the Limited Partnerships' ability to make payments under the Intra-Group Loans, therefore the Borrower's ability to make payments due under the Initial Issuer/Borrower Loan and therefore the Issuer's ability to make payments due in respect of the Notes.

Increases in tuition fee cap funding could affect overall student numbers pursuing courses of study

Universities currently receive a significant proportion of their income from tuition fees. In 2011/2012, existing UK/EU students were charged up to a maximum of £3,465 per year in

tuition fees by each university. For the academic year 2012/2013, universities in England and Wales were able to charge each new student up to a maximum of £9,000 per year in tuition fees. In respect of universities in Scotland, the Student Awards Agency for Scotland will pay tuition fees for students meeting their eligibility conditions (for example, a Scottish resident and/or a qualifying non-UK student from elsewhere in the European Community). For the academic year 2012/13, universities in Scotland could charge other students (from the rest of the UK) variable fees up to a maximum of £9,000. However each institution must comply with strict criteria set by the Office of Fair Access, ensuring that all students that meet its admissions criteria are able to access its courses regardless of their background. This increase in fees will help to counter the reduction in the level of teaching funding that universities will receive from HEFCE (or SFC in Scotland), however the capacity to off-set this fall in funding will be dependent upon the ability of a university to attract students. Any increase in the costs of studying may have a negative effect on student numbers and a consequent effect on the demand for student accommodation which may impact the ability of the Obligor to make payments under the Intra-Group Loans, therefore the Borrower's ability to make payments due under the Initial Issuer/Borrower Loan and therefore the Issuer's ability to make payments due in respect of the Notes.

Change to current United Kingdom government policy on higher education could lead to amendments to, or the removal of, the tuition fee cap affecting overall student numbers pursuing courses of study

The amount that a university is able to charge its students is subject to any maximum amount that the UK government (or the Scottish Government in the case of universities in Scotland) specifies and the current or future administrations may increase or decrease this amount depending upon its higher education policies. There is no guarantee that the government's approach to tuition fees, and higher education funding generally, will remain consistent. Any further increase in the level of tuition fees may affect the number of prospective students who choose to apply for a place on a course with a university and thereby increase demand for residential accommodation.

A significant decrease in the number of students seeking residential accommodation in the Properties may reduce the income earned by the Obligor in respect of such Properties. Such reduction may impact the ability of the Borrower to make payments to the Issuer under the Issuer/Borrower Loan and the ability of the Obligor to make payments under the other Obligor Loans, which may in turn impact the ability of the Issuer to make timely payments in respect of the Notes.

Demographic changes may affect demand for courses of study and accommodation provided by the Obligor

Demand for higher education is driven by a combination of demography and social mix. Whilst demography represents one of the key engines of growth, participation is also substantially affected by the changing social mix of the population. According to the Higher Education Policy Institute, students under 21 years old represent the dominant group in higher education. Any change in the size of this population group could have a negative impact on demand for higher education, the demand for student accommodation and in turn the results of operations of the Obligor and their ability to make payments under the Intra-Group Loans which may negatively impact the Borrower's ability to service amounts due to the Issuer under the Issuer/Borrower Loan and therefore the Issuer's ability to make timely payments under the Notes.

Increased competition between universities, non-UK universities and other providers of higher education may affect the demand for the universities served by the Obligor

Following the introduction of the new funding arrangements (see the risk factors entitled "Changes in university funding could affect overall student numbers pursuing courses of study

which could have an impact on rental revenues" and "Increases in tuition fee cap funding could affect overall student numbers pursuing courses of study" for further details), the UK higher education sector has become increasingly competitive. Institutions therefore need to differentiate themselves from their competitors to establish a strong position within the sector in order to attract high numbers of students.

To ensure that institutions are focused on the provision of quality courses and facilities as well as value for money, the government have introduced a "core and margin" approach to student recruitment which may increase competition. This approach will see universities continuing to receive a "core" number of home and EU full-time undergraduate entrants based on their historic numbers. However, approximately one-fifth of all first year new entrant places are now open to competition between those institutions whose average grade offer is AAB or above, and those whose average tuition fee is £7,500 per annum or less. Institutions who fulfil these criteria are able to recruit as many students from this pool of new entrants as they wish. In future years, the AAB+ threshold will be lowered (for example, in 2014/15 the AAB element of the margin will be extended to ABB). There are Scottish equivalencies to the AAB+ policy, which is based on A-level grades.

There is a risk that overall enrolment growth could show more variability on a year to year basis going forward on the basis of these amendments and may have an effect on the demand for accommodation in the Properties owned by Obligors.

There may also be increased competition from overseas universities particularly those situated in the EU member states. Students may increasingly consider studying outside the UK, where the overall cost of a degree is considered cheaper. An outflow of students to overseas universities may have an effect on the numbers seeking accommodation at the universities in the cities in which the Obligors own Properties.

Demand for Obligor accommodation provided by the Obligors may be affected by increasing competition between operators and increasing levels of residential development

The student accommodation market is characterised by approximately a dozen operators of more than 5,000 rooms and whilst growth in student enrolment has continued, as supply has increased so has the level of competition between operators for students. There is a risk that increasing residential supply in some student cities could place greater pressure on price and that this may impact on the capacity of an Obligor to secure the level of occupancy required for it to service its obligations under the Intra-Group Loan. This in turn might affect the ability of the Borrower to service the Issuer/Borrower Loan, which may in turn impact the Issuer's ability to make payments on the Notes.

The student accommodation market continues to attract new and established developers. As a sector, higher education continues to exhibit a number of anti-cyclical characteristics and this, particularly during periods of economic downturn, may result in larger developer/operators turning to this market where other construction sectors have contracted. There is a risk that greater numbers of larger operators could enter the market with a greater capacity to deliver economies of scale, allowing them to develop significant numbers of bed spaces at lower rents.

The asset mix and the risk profile of an Obligor may change over time as a result of it acquiring further properties

The asset mix and the risk profile of the Obligors may change over time, in connection with an issue of Further Notes or New Notes, relating to Incoming Properties of an Obligor (including an acceding Obligor) or an acquisition of a Property in accordance with the CTA. As a consequence of an Incoming Property being acquired the relevant Obligor(s) may hold a greater proportion of the overall supply of rooms for a particular geographical area. An

Incoming Property must pass certain tests, including, if the acquisition of such property is funded from the issue of Further Notes, that the issue of Further Notes would not reduce the long-term credit rating of the Notes as at the Issue Date. See further the section of this Prospectus entitled "*Summary of Transaction Documents – Common Terms Agreement*").

Universities may be subject to intervention by the HEFCE and dissolution by the United Kingdom government

A university is responsible to HEFCE for acting in accordance with its governance obligations, to manage itself and the money it receives appropriately and to comply with the requirements imposed on it by virtue of its exempt charitable status. A university must comply with certain requirements which are specified in HEFCE's Financial Memorandum and Audit Code of Practice. As part of these obligations and before entering into new long-term financial commitments, institutions must obtain written consent from HEFCE if the annual servicing cost of its total financial commitments would be more than 4 per cent. of its annual income. If the annual servicing cost would be more than 7 per cent. of its annual income then approval of the HEFCE board must be sought. In addition, HEFCE may intervene in an institution's management if, in its judgment, the institution faces threats to the sustainability of its operations either now or in the medium term. The terms of the funding requirements and regulation thereof dictated by HEFCE may have an effect on a university's contractual obligations to an Obligor.

In addition, the Secretary of State has the power to dissolve any higher education corporation and provide that its property, rights and liabilities (which could include its contractual obligations to an Obligor) are transferred to another institution. To date no such dissolution has occurred, but should such an event occur, it could have a negative impact on the business of the relevant Obligor and its ability to service the Intra-Group Loan and, as a consequence, the Borrower's ability to service the Issuer/Borrower Loan, which may in turn impact the Issuer's ability to make payments on the Notes.

LEGAL RISKS

The Obligor Security Trustee has absolute discretion to refrain from taking action under the Obligor Transaction Documents

Should the Obligor Security Trustee take enforcement proceedings under the Obligor Security Documents and if there is a physical entry into possession of a property owned by an Obligor or an act of control or influence that may amount to possession, such as receiving rental income directly from a relevant tenant, the Obligor Security Trustee may be deemed to be a mortgagee in possession. A mortgagee or (in Scotland) heritable creditor in possession may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), can incur the liabilities of a property owner. The Obligor Security Trustee has the absolute discretion at any time to refrain from taking any action under the Obligor Transaction Documents, unless it is satisfied at the time that it is adequately indemnified and/or secured and/or prefunded by the Obligor Secured Creditors (including the Noteholders on behalf of the Issuer).

The validity of subordination provisions under English law is uncertain

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of Insolvency Proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of Insolvency Proceedings or other default on the part of such counterparty (so-called **flip clauses**). Such provisions are similar in effect to the

terms which will be included in the Obligor Transaction Documents relating to the subordination of certain amounts owed by the Borrower or another Obligor to a Hedge Counterparty should it enter into any Hedging Agreements.

The English Supreme Court has held in *Belmont Park Investments v BNY Corporate Trustee and Lehman Brothers Special Financing* [2011] UKSC 38 (the **Belmont decision**) that a flip clause as described above is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known, particularly as the U.S. Bankruptcy Court approved, in December 2010, the settlement of the case to which the judgment relates and subsequently the appeal was dismissed. However, there remains a stayed action in the U.S. commenced by the Lehman Brothers Chapter 11 debtors concerning the enforceability of flip clauses and, in addition, in February 2012 a complaint was filed by certain parties seeking recognition and enforcement of the Belmont decision (and corresponding lower court decisions) and other declaratory relief with respect to the flip clause in question in the case described above. At the same time as filing the complaint, the relevant parties also filed a motion seeking the withdrawal of the reference from the U.S. Bankruptcy Court, requesting that the complaint be heard instead by the U.S. District Court. It has not yet been determined whether the complaint will be addressed by the U.S. Bankruptcy Court or the U.S. District Court, nor is it known when the complaint will be addressed.

If a creditor of the Issuer or the Borrower or the Limited Partnerships (such as a Hedge Counterparty in respect of the Borrower (it is not the Borrower's intention to enter into any Hedging Agreements on the Closing Date and the requirements in respect of any Hedging Agreements which the Borrower may enter into following the Closing Date are further outlined in the "*Other Obligor Covenants*" section of the "*Summary of Transaction Documents - Common Terms Agreement*" section of this Prospectus) or the Limited Partnerships) or a related entity becomes subject to Insolvency Proceedings in any jurisdiction outside England and Wales (including, but not limited to, the U.S.), and it is owed a payment by the Issuer, the Limited Partnerships or the Borrower, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Issuer Transaction Documents and/or Obligor Transaction Documents (such as a provision of the Payment Priorities which refers to the ranking of the Hedge Counterparties' payment rights in respect of any amounts due to be paid by the Borrower or a Limited Partnership to a Hedge Counterparty upon termination of a Hedging Agreement (other than any amount attributable to the return of collateral to the Hedge Counterparty) due to either (i) the occurrence of an event of default pursuant to such Hedging Agreement in respect of which event the relevant Hedge Counterparty is the Defaulting Party (as defined therein) or (ii) the failure of the relevant Hedge Counterparty to take the required remedial actions set out in the relevant Hedging Agreement after such hedge Counterparty has been downgraded below the minimum ratings set out in the Hedging Agreement (the **Subordinated Hedge Amounts**)). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Hedge Counterparty, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). In general, if a subordination provision included in the Obligor Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the

market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

For the avoidance of doubt, it is not intended that the Issuer will enter into any Hedging Agreements.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Obligor Transaction Documents will include terms providing for the subordination of Subordinated Hedge Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may decline.

Guarantees and security may constitute a transaction at an undervalue or preference

A liquidator or administrator of an Obligor could apply to the court to unwind the issuance of its guarantee or grant of security if such liquidator or administrator believed that issuance of such constituted a transaction at an undervalue.

The Obligors believes that each guarantee will not be a transaction at an undervalue and that each guarantee will be provided in good faith for the purposes of carrying on the business of each Obligor and its subsidiaries (in the case of Obligor HoldCo) and that there are reasonable grounds for believing that the transactions will benefit each such Obligor. However, there can be no assurance that the provision of the guarantees will not be challenged by a liquidator or administrator or that a court would support the Obligor's analysis.

If the liquidator or administrator can show that any member of the Obligor Group have given a "preference" to any person (which could include the giving of a guarantee or the granting of security over its assets) within six months of the onset of liquidation or administration (or two years if the preference is to a "connected person") and, at the time of the preference, that Obligor was technically insolvent or became so as a result of the preferential transaction, a court has the power, among other things, to void the preferential transaction. For these purposes, a company gives preference to a person if that person is one of the company's creditors (or a surety or guarantor for any of the company's debts or liabilities) and the company takes an action which has the effect of putting that person into a position which, in the event of the company going into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done. The court may not make an order avoiding a preferential transaction unless it is satisfied that the company was influenced by a desire to put that person in a better position. This provision of English insolvency law may affect transactions (including the giving of guarantees or the granting of security) entered into, or payments (including pursuant to such a guarantee) made by any of the Obligors during the relevant period prior to the liquidation or administration of such Obligor.

In addition, if it can be shown that a transaction entered into by an English company was made for less than fair value and was made to shield assets from creditors, then the transaction may be set aside as a transaction defrauding creditors. Any person who is a "victim" of the transaction, and not just liquidators or administrators, may assert such a claim. There is no statutory time limit within which a claim must be made and the company need not be insolvent at the time of the transaction. The Obligors do not believe that they have entered into any transactions which may be regarded as being for less than fair value or to shield assets from their creditors.

Obligor Events of Default may occur without the knowledge of the Obligor Security Trustee if the Borrower or another Obligor fails to notify the Obligor Security Trustee of such event

The STID provides that the Obligor Security Trustee will be entitled to assume, unless it is otherwise disclosed in any Quarterly Investor Report or Compliance Certificate or the Obligor Security Trustee is expressly informed otherwise, that no Obligor Event of Default or potential Obligor Event of Default has occurred and is continuing. The Obligor Security Trustee will not itself monitor whether any such event has occurred. As the Issuer is a special purpose company, it will fall to the Obligors themselves to make these determinations as well as the determinations of the financial and operational positions underlying them, which may be subjective. The Obligor Security Trustee shall not be obliged to make any such determinations and shall be able to conclusively rely on any Quarterly Investor Report or Compliance Certificate provided to it without being obliged to enquire as to the accuracy or validity of any such Quarterly Investor Report or compliance certificate. The Obligors are, however, obliged to notify the Obligor Security Trustee if they become aware of the occurrence of any Obligor Events of Default.

GENERAL CONSIDERATIONS

Potential conflicts of interest

Subject to any provisions or restrictions contained in any of the Issuer Transaction Documents and/or any of the Obligor Transaction Documents, there are no restrictions on, *inter alios*, the Joint Lead Arrangers, the Bookrunners, the Borrower, the other Obligors (or any subsidiary or affiliate of any such entities) or UNITE Group, *inter alia*, acquiring Notes, purchasing any of the Properties, managing or owning properties similar to the Properties, providing cash management or other servicing facilities and/or providing investment advice and/or financing to or for third parties.

Consequently, conflicts of interest may exist or may arise as a consequence of such entities having different roles in this transaction and/or carrying out other transactions for third parties.

The effect on repayment of the Notes in the event that the UK becomes a participating member state in the European Economic and Monetary Union is uncertain

It is possible that, prior to the repayment in full of the Initial Issuer/Borrower Loan and the Notes, the United Kingdom may become a participating member state in the European Economic and Monetary Union and that the euro will become the lawful currency of the United Kingdom. In that event (a) all amounts payable in respect of any Notes may become payable in euro, (b) applicable provisions of law may allow or require the Issuer to re-denominate such Notes into euro and take additional measures in respect of such Notes and (c) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in sterling used to determine the interest rate on the Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect the Noteholders. It cannot be said with certainty what effect the adoption of the euro by the United Kingdom (if it occurs) will have on the Noteholders.

The EU Savings Directive may affect payments on the Notes

Under EC Council Directive 2003/48/EC (the **EU Savings Directive**) on the taxation of savings income, a Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are

instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The Luxembourg Government has announced its intention to introduce, as of 1 January 2015, automatic exchange of information with respect to the EU Savings Directive.

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Foreign account tax compliance withholding may affect payments on the Notes

The U.S. Foreign Account Tax Compliance Act imposes a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer may be classified as a financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any Paying Agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section "*Taxation – Foreign Account Tax Compliance Act.*"

Changes in law and/or regulatory, accounting and/or administrative practices may affect payments on the Notes

The structure of the issue of the Notes, the Initial Issuer/Borrower Loan and the ratings which are to be assigned to the Notes are based on English (and, where applicable, Scots) law, regulatory, accounting and administrative practice in effect as at the date of this Prospectus, and having due regard to the expected tax treatment of the Issuer, the Borrower and the Obligors under United Kingdom tax law and the published practice of HMRC in force or applied in the United Kingdom as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or possible change to English or Scots law, regulatory, accounting or administrative practice in the United Kingdom or to United Kingdom tax law, or the interpretation or administration thereof, or to the published practice of HMRC as applied in the United Kingdom after the date of this Prospectus. Any changes to accounting practices may have an effect on the tax treatment of, *inter alios*, the Borrower, the other Obligors and the Issuer. No assurance can be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes.

Securitisation tax regime

The securitisation tax regime provides for a permanent regime for the taxation of "securitisation companies". Companies to which the securitisation tax regime applies will be taxed broadly by reference to their "retained profit" rather than by reference to their accounts. The Issuer and the

Borrower should, and should continue to, fall within the securitisation tax regime. As such, each of the Issuer and the Borrower should be taxed only on the amount of its retained profit for so long as it satisfies the conditions for remaining within the securitisation tax regime. However, if at any time either the Issuer or the Borrower ceases to satisfy these conditions, then profits or losses could arise in the Issuer or the Borrower which could have tax effects not contemplated in the cashflows for the transaction described in the Prospectus and as such could adversely affect the tax treatment of the Issuer or the Borrower and consequently payments on the Issuer/Borrower Loans and the Notes.

Implementation of, and amendments to, the Basel II Framework may affect the regulatory capital and liquidity treatment of the Notes

The regulatory capital framework published by the Basel Committee on Banking Supervision (the **Basel Committee**) in 2006 (the **Basel II Framework**) has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework. It should also be noted that the Basel Committee has approved significant changes to the Basel II Framework (such changes being commonly referred to as **Basel III**), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the **Liquidity Coverage Ratio** and the **Net Stable Funding Ratio**). Member countries will be required to implement the new capital standards from January 2013 (with a phase-in period of six years), the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European Commission published corresponding proposals to implement Basel III (through amendments to the Capital Requirements Directive known as **CRD IV**) on 20 July 2011. The changes approved by the Basel Committee may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

The draft CRD IV proposals published substantially reflect the Basel III capital and liquidity standards and the applicable implementation timeframes. However, certain key terms are not defined and various related issues remain under discussion, particularly on the detail of the financial instruments that will be eligible to meet the new capital and liquidity requirements. The proposals also make provision for (among other things) new requirement to reduce reliance by credit institutions on external credit ratings, by requiring that all banks' investment decisions are based not only on ratings but also on their own internal credit opinion, and that banks with a material number of exposures in a given portfolio develop internal ratings for that portfolio instead of relying on external ratings for the calculation of their capital requirements. The proposals are likely to be subject to change during the EU legislative process, and certain details remain to be clarified in further delegated acts and implementing acts to be issued by the European Commission, based on draft technical standards developed by the European Banking Authority.

In general, investors should consult their own advisers as to the regulatory capital and liquidity treatment of the Notes and the consequences to an individual investor of the implementation of the Basel II Framework and/or the Basel III amendments, the CRD amendments and the relevant local implementing measures. No predictions can be made as to the precise nature of such treatment or consequences.

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities.

In particular, the CRD has been amended by Directive 2009/111/EC (**CRD2**) which, among other things, inserts a new Article 122a into the CRD.

Article 122a provides that an EU credit institution shall only be exposed to the credit risk of a securitisation position if (a) the originator, sponsor or original lender has represented that it will retain, on an ongoing basis, a material net economic interest in the securitisation of not less than 5 per cent. and (b) it is able to demonstrate to its regulator on an ongoing basis that it has a comprehensive and thorough understanding of the key terms, risks and performance of each securitisation position in which it is invested. Failure by an EU credit institution investor to comply with the requirements of Article 122a in relation to any applicable investment will result in an increased capital charge to or increased risk-weighting applying to such investor in respect of that investment.

No retention representation of the sort referred to in the preceding paragraph has been made in relation to this transaction.

The Issuer has considered, and obtained legal advice as to, the applicability of Article 122a to this transaction and is of the opinion that the Notes do not constitute an exposure to a "securitisation position" for the purposes of Article 122a. The Issuer is therefore of the opinion that the requirements of Article 122a should not apply to investments in the Notes.

However, investors should be aware that the regulatory capital treatment of any investment in the Notes will be determined by the interpretation which an investor's regulator places on the provisions of CRD (as amended by CRD2) and the provisions of national law which implement it. Prospective investors should therefore be aware that should the relevant investor's regulator interpret the regulations such that Article 122a does apply to an investment in the Notes, significantly higher capital charges may be applied to that investor's holding. Although market participants have, in consultations relating to these regulatory reforms, requested guidance on the structures captured by the definitions, no definitive guidance has been forthcoming. Aspects of Article 122a and what is required to demonstrate compliance to national regulators remains unclear. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non compliance with Article 122a should seek guidance from their regulator.

It should be noted that Article 122a will be re-cast as part of the proposed new European regulatory capital framework (so-called "CRD IV"). Certain changes are expected as part of this process, including the extension of the application of the requirements to EU regulated investment firms and also the replacement of the current guidelines on Article 122a with new (and potentially different) regulatory technical standards. On 22 May 2013, the EU Banking Authority published a consultation paper on the regulatory technical standards which contemplates a number of changes as compared to the current Article 122a guidelines. However, such standards are open for consultation and the final adopted standards may be different. It is uncertain when CRD IV and the regulatory technical standards will be finalised and take effect and how any changes to the current regime will affect transactions entered into previously. No assurance can be provided that any changes made in connection with CRD IV

(including through the corresponding regulatory technical standards) will not affect the requirements applying to relevant investors.

It should also be noted that similar requirements to those set out in Article 122a have been finalised for alternative investment fund managers that are required to become authorised under the Alternative Investment Fund Managers Directive (which requirement take effect from 22 July 2013 in general) and requirements are expected to be implemented for other types of EU regulated investors (such as insurance and reinsurance undertakings and UCITS funds) in the future.

Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer or the Joint Lead Arrangers or Bookrunners or any of the parties to the transaction of which the Notes form part makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Closing Date or at any time in the future.

Article 122(a) of the CRD and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

INSOLVENCY CONSIDERATIONS

Administration

In certain circumstances an administrator may be appointed in relation to a company the effect of which would be that, during the period for which the order is in force, the affairs, business and property of the company will be managed by the administrator. The appointment may be made:

- (i) by the Court, on the application of the company, its directors, any or all of its creditors, or the justices' chief executive for a magistrates court, provided that the Court is satisfied that the company is or is likely to become unable to pay its debts and that the administration order is reasonably likely to achieve the statutory purpose of administrations; or
- (ii) by the holder of a "qualifying floating charge" (as defined in the Insolvency Act) over the whole or substantially the whole of the company's property who gives notice of intention to appoint an administrator to any holder of a prior qualifying floating charge and files with the Court the appointment in prescribed form (including a statutory declaration that the charge was enforceable on the date of the appointment and a statement by the proposed administrator that he believes the statutory purpose of administration is reasonably likely to be achieved) and such other documents as may be provided; or
- (iii) the company or its directors if it or they give notice of intention to appoint an administrator to any person who may be entitled to appoint an administrative receiver or an administrator of the company, such person declines to appoint an administrative receiver or administrator (as the case may be) and the appointment is filed with the Court in prescribed form (including a statutory declaration that the company is or is likely to become unable to pay its debts and a statement by the proposed administrator that he believes the statutory purpose of administration is reasonably likely to be achieved) along with such other documents as may be provided.

In addition, in certain circumstances (which are materially similar to those set out above, save that references to the company or its directors should be to members of the partnership, and references to floating charges should be to agricultural floating charges) an administrator may

be appointed in relation to a partnership, the effect of which would also be that, during the period for which the order is in force, the affairs and business of the partnership and the partnership property shall be managed by the administrator.

An interim "moratorium" on enforcement action against the company or partnership, as the case may be, will come into effect on the filing with the Court of the application for making of an administration order by the Court or the notice of intention to appoint an administrator out of court, or on the presentation of a petition for an administration order, as the case may be. During the period for which such moratorium is in force, (among other things) no steps may be taken to enforce any security over the property of the company or partnership except with the leave of the Court (and subject to such terms as the Court may impose). The moratorium remains in force where an administration application has been made and has not yet been granted or dismissed, or has been granted but the order has not yet taken effect, or where a floating charge holder (or agricultural floating charge holder in the case of the Limited Partnerships) has filed notice of intention to appoint an administrator with the Court, until the appointment takes effect or until 5 business days expire with no administrator having been appointed, or where the directors of or the company (or members of the Limited Partnership) itself have/has filed with the Court notice of intention to appoint an administrator, until the appointment takes effect or until 10 Business Days expire with no administrator having been appointed.

During the period for which a company or partnership is in administration, (among other things) no steps may be taken to enforce any security over the property of the company or partnership except with the leave of the Court (and subject to such terms as the Court may impose) or the consent of the administrator.

Accordingly if an application is made or petition is presented for the making of an administration order by the Court, or notice is filed with the Court of the intention to appoint an administrator, or an administration order is made or an administrator is appointed in respect of any of the Limited Partnerships, the enforcement of the Obligor Security by the Obligor Security Trustee would not be possible unless the leave of the Court or the consent of the administrator was obtained, and would in any case be delayed by the need to apply to the Court for leave or to the administrator for consent.

Administrative receivership

The Insolvency Act 1986 (the **Insolvency Act**), as amended, restricts the right of the holder of a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003 or an exception applies) and gives primacy to collective insolvency procedures (in particular, administration). The Insolvency Act contains provisions that allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the appointment of an administrative receiver is not prohibited if it is made pursuant to an agreement (being, in respect of the transactions described in this Prospectus, the Obligor Deed of Charge and the Issuer Deed of Charge) which is or forms part of a capital markets arrangement (as defined in the Insolvency Act) under which a party (such as the Borrower or the Issuer) incurs or, when such agreement was entered into was expected to incur, a debt of at least £50,000,000 under the arrangement and the arrangement involves the issue of a capital market investment (also defined but generally a rated, listed or traded debt instrument). It is expected that the security that the Issuer will grant to the Issuer Security Trustee pursuant to the Issuer Deed of Charge and the security that each of the Borrower, each General Partner, each Nominee, the Obligor HoldCo and the Management Company will grant to the Obligor Security Trustee pursuant to the Obligor Deed of Charge will fall within the capital markets exception.

Moreover, it is not legally possible to appoint an administrative receiver to a partnership and thereby prevent it from going into administration.

With a view to mitigating the risk that the Obligor Security Trustee could not block the appointment of an administrator to the Limited Partnerships, the legal interest in respect of each Property is held by two Nominees who (as joint trustees) will hold the beneficial interest of the related Limited Partnerships in the Properties on a trust for land (as defined in the Trusts of Land and Appointment of Trustees Act 1996) in the case of the Properties in England and Wales and under a common law trust in the case of the Scottish Properties, supplemented by a declaration of trust to be entered into between and among the relevant Limited Partnership acting through its General Partner, the relevant Nominees and the Obligor Security Trustee. Pursuant to each beneficiary undertaking between each General Partner (for and on behalf of its Limited Partnership) and the Obligor Security Trustee (the **Beneficiary Undertaking**), each Limited Partnership will covenant to the Obligor Security Trustee that it will not call for a return of its legal interest in the Properties or for a dissolution of the trust or for a transfer of title to the Properties and has covenanted that it will not transfer its beneficial interests in the Properties. Each Nominee will grant full fixed and floating security over all of its property, assets and undertaking pursuant to the Obligor Security Documents and covenant to pay, guarantee and indemnify the Obligor Security Trustee in respect of, *inter alia*, the obligations of the Borrower and the other Obligors under the Obligor Transaction Documents (including the Intra-Group Agreement). Accordingly, if a Limited Partnership goes into administration and the Nominees are not insolvent at that time, the Nominees, as trustees of land, may have the right, *inter alia*, to hold and manage the relevant Properties and collect Rental Income in the ordinary course (notwithstanding the appointment of an administrator over the partnership assets of the relevant Limited Partnership). The effectiveness of such arrangements could, however, be challenged by an administrator in the courts of England and Wales and there is no guarantee that any such challenge would not succeed and, accordingly, that the timing, or ultimate recovery, in respect of the enforcement of the Obligor Security would not be affected.

In addition to the security which will be granted by the Borrower, each General Partner (on behalf of its Limited Partnership) and the Nominees under the Obligor Security Documents, Obligor HoldCo will grant a first fixed charge and floating charge over the shares that it holds in the Borrower, the General Partners (other than Filbert Village GP Limited) and the Nominees to the Obligor Security Trustee, pursuant to the Obligor Deed of Charge and USAF GP 10 Limited will grant a first fixed charge and floating charge over the shares that it holds in Filbert Village GP Limited. Accordingly, one of the modes of security enforcement that may be pursued by the Obligor Security Trustee (should the Obligor Security become enforceable) is that the Obligor Security Trustee may (but is not required to) enforce its rights under the share charge in respect of the Nominees.

The expenses of a liquidation will also be payable in priority to the claims of a floating chargeholder (subject to any secondary legislation which may require the floating chargeholder to approve the amount of such expenses).

English law security and insolvency considerations

The Issuer will enter into the Issuer Deed of Charge pursuant to which it will grant the Issuer Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Summary of Transaction Documents – Issuer Deed of Charge*"). Similarly, the Borrower and the other Obligors will enter into the Obligor Deed of Charge pursuant to which the Obligors will grant security in respect of certain of their obligations, including their obligations under the Issuer/Borrower Facilities Agreement. In certain circumstances, including the occurrence of certain Insolvency Events in respect of the Issuer or the Borrower, the ability to realise the Issuer Security and/or the relevant Obligor Security, respectively, may be delayed and/or the value of the relevant security impaired. While the transaction structure is designed to minimise the likelihood of the Issuer or the Borrower becoming insolvent, there can be no assurance that the Issuer and/or the Borrower will not become insolvent and/or the subject of

Insolvency Proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).

In addition, it should be noted that, to the extent that the assets of the Issuer or any Borrower are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Issuer Deed of Charge may be used to satisfy any claims of unsecured creditors. While certain of the covenants given by the Issuer and the Obligors in the Issuer Transaction Documents and/or the Obligor Transaction Documents respectively are intended to ensure it has no significant creditors other than the secured creditors under the Issuer Deed of Charge, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Issuer Security and/or the Obligor Security.

In addition, it should be noted that unsecured creditors of the Obligors, such as trade creditors and suppliers and HMRC, are not bound by the non petition to provision of the STID and so will be able to petition for a winding up or administration of the Obligors where they fail to pay any amounts owed to them as they fall due. The Obligors will covenant in the CTA to pay such trade creditors, suppliers and HMRC on time.

Fixed security interests may be recharacterised as floating security interests

There is a possibility that a court could find that certain fixed security interests expressed to be created by the Obligor Security Documents and/or the Issuer Deed of Charge instead take effect as floating charges (in particular, see "*Security over bank accounts*" above). Whether the fixed security interests will be upheld will depend, among other things, on whether the Obligor Security Trustee or, as the case may be, the Issuer Security Trustee has the requisite degree of control over the relevant assets and exercises that control in practice.

If the fixed security interests are recharacterised as floating security interests, the claims of (i) the unsecured creditors of the relevant Obligor or the Issuer (as the case may be) and (ii) certain statutorily defined preferential claims against the Obligors (including certain employee claims in respect of contributions to pension schemes and wages and the costs and expenses of an administration and/or a liquidation) may have priority over the rights of the Obligor Security Trustee or the Issuer Security Trustee (as applicable) to the proceeds of enforcement of such security in accordance with s176A of the Insolvency Act. To the extent that the assets of any Obligor or the Issuer (as the case may be) are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Obligor Security Documents may be first used to satisfy any claims of unsecured creditors.

On 6 April 2008, a provision in the Insolvency Act came into force which effectively reversed by statute the House of Lords' decision in the case of *Leyland Daf* in 2004. Accordingly, the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency Rules 1986.

As a result of the changes described above, upon the enforcement of the floating charge security granted by the Issuer and/or the Obligors, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Issuer Deed of

Charge and/or the Obligor Security Documents will be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the Noteholders will not be adversely affected by such a reduction in floating charge realisations.

The application of the small companies moratorium may limit the ability of the Obligor Security Trustee to enforce the Obligor Security

Certain small companies, as part of the company voluntary arrangement procedure, may seek court protection from their creditors by way of a "moratorium" for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State for Business, Innovation and Skills may, by order, extend or reduce the duration of either period).

A company is eligible for a moratorium if, at the date of filing for moratorium, it meets two or more of the following criteria for being a "small company" under Section 382(3) of the Companies Act 2006 (as amended):

- (a) its turnover is not more than £6,500,000;
- (b) its balance sheet, total is not more than £3,260,000; and
- (c) the number of employees is not more than 50.

The position as to whether or not a company is eligible for a moratorium may change from period to period, depending on its financial position and average number of employees during that particular period. The Secretary of State for Business, Innovation and Skills may by regulations also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a "small company". Accordingly, the Issuer, Borrower or any other Obligor may, at any given time (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement.

During the period for which a moratorium is in force in relation to a company, among other things, no winding-up may be commenced or administrator appointed to that company, no administrative receiver of that company may be appointed, no security created by that company over its property may be enforced (except with the leave of the Court) and no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the Court).

Certain companies which qualify as small companies for the purposes of these provisions may be, nonetheless, excluded from being so eligible for a moratorium. As at the Closing Date, companies excluded from eligibility for a moratorium included those which, at the time of filing for the moratorium, were party to a "capital market arrangement", under which a party had incurred, or when the agreement was entered into expected to incur, a debt of at least £10,000,000 and which involved the issue of a capital market investment. However, the Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible and/or provide that the exclusion shall cease to have effect.

Accordingly, the provisions described above may limit the Issuer Security Trustee's ability to enforce the Issuer Security or the Obligor Security Trustee's ability to enforce the Obligor Security, to the extent that any of the Issuer or an Obligor, as the case may be, (1) falls within the criteria for eligibility for a moratorium at the time a moratorium is sought, (2) seeks a moratorium in advance of a company voluntary arrangement (as applicable) and (3) is considered not to fall within the capital market exception (as expressed or modified at the relevant time) or any other applicable exception at the relevant time.

A change of law may adversely affect Noteholders

The conditions of the notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English (or, where applicable, Scots) law or administrative practice after the date of this Prospectus. It is possible that changes in law or regulations, or their interpretation or application, after the date of this Prospectus may result in the transaction of which the Notes form part as originally structured no longer having the effect anticipated.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the above statements regarding the risks relating to the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus lessen some of these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.

PARTIES

- Issuer:** UNITE (USAF) II plc (the **Issuer**) is a public limited liability company incorporated under the laws of England and Wales with registered number 08528639 as a subsidiary of the Issuer HoldCo.
- The Issuer is a special purpose vehicle with limited permitted activities. Its principal activities will comprise, *inter alia*, issuing the Notes and/or Coupons, advancing the Issuer/Borrower Loans and entering into the transactions contemplated in the Issuer Transaction Documents.
- Issuer HoldCo:** USAF Issuer Holdings II Limited (the **Issuer HoldCo**) is a private limited liability company incorporated under the laws of England and Wales with registered number 08528623.
- The Issuer HoldCo is a special purpose vehicle with limited permitted activities. The Issuer HoldCo's entire issued share capital is held by Capita Trust Company Limited (in such capacity, the **Issuer HoldCo Share Trustee**). The shares held by the Issuer HoldCo Share Trustee are held under the terms of a discretionary trust, established under English law pursuant to the terms of a declaration of trust.
- Borrower:** USAF Finance II Limited (the **Borrower**) is a private limited liability company incorporated under the laws of England and Wales with registered number 08526474, having its registered office at The Core, 40 St. Thomas Street, Bristol BS1 6JX.
- The Borrower is a special purpose company with limited permitted activities. The Borrower is wholly owned by the Obligor HoldCo.
- Obligor HoldCo:** USAF Holdings Limited (the **Obligor HoldCo**) is a private limited liability company incorporated under the laws of England and Wales with registered number 05870107 for the principal purpose of acting as the holding company of the Borrower, each of the General Partners and each of the Nominees. Obligor HoldCo is a wholly owned subsidiary of the UNITE Fund.
- Obligors:** Each Limited Partnership, each General Partner, each Nominee, the Obligor HoldCo and each Management Company (together with the Borrower and any other entity which accedes to the CTA, the STID, the MDA and, in certain circumstances, the Tax Deed of Covenant, in its capacity as such, the **Obligor Group** and each an **Obligor**) will guarantee the obligations of the Borrower and each other Obligor pursuant to the Obligor Guarantees and in accordance with the terms of the CTA, the Obligor Deed of Charge and the STID.
- Limited Partnerships:** Each of USAF No. 1 Limited Partnership (registered number LP011470), USAF No. 10 Limited Partnership (registered number LP013230) and Filbert Village Student Accommodation, L.P. (registered number LP011793) (**FVLP**) has been established as an English limited partnership (each together with any limited

partnership registered as such under the Limited Partnerships Act 1907 whose General Partner is a subsidiary of the Obligor HoldCo and which has become an Obligor under the CTA, the STID and the MDA, a **Limited Partnership** and together, the **Limited Partnerships**). USAF No. 1 Limited Partnership was established under the terms of an amended and restated partnership deed dated 7 November 2006, USAF No. 10 Limited Partnership was established under the terms of a partnership deed dated 12 December 2008 and Filbert Village Student Accommodation, L.P. was established under the terms of a partnership deed dated 5 December 2006 (each, as further amended and/or restated from time to time, each a **Partnership Deed** and together the **Partnership Deeds**).

General Partners:

Each of USAF GP No. 1 Limited (registered number 05897875), USAF GP No. 10 Limited (registered number 06714734) and Filbert Village GP Limited (registered number 06016554) (**FVGP**) is a private limited liability company incorporated under the laws of England and Wales, having its registered office at The Core, 40 St. Thomas Street, Bristol BS1 6JX, and is, in the case of USAF GP No. 1 Limited, the general partner to USAF No. 1 Limited Partnership, in the case of USAF GP No. 10 Limited, the general partner to USAF No. 10 Limited Partnership and, in the case of Filbert Village GP Limited, the general partner to Filbert Village Student Accommodation, L.P. (each together with any other general partner to any Limited Partnership that accedes in such capacity as an Obligor to the CTA, the STID, the MDA and the Tax Deed of Covenant, a **General Partner** and together, the **General Partners**). Each General Partner is (or will be) wholly owned by the Obligor HoldCo.

Limited Partners:

USAF LP Limited (registered number 05860874) (the **UNITE Limited Partner**) is a limited liability company incorporated under the laws of England and Wales having its registered office at The Core, 40 St. Thomas Street, Bristol BS1 6JX for the principal purpose of acting as a Limited Partner of the Limited Partnerships (other than Filbert Village Student Accommodation, L.P.) and other limited partnerships within the UNITE Fund with a 10 per cent. partnership interest in each. The UNITE Limited Partner is indirectly wholly owned by UNITE.

Each of the UNITE UK Student Accommodation Fund (the **UNITE Fund**) and a trust established in accordance with the laws of Jersey pursuant to a trust instrument dated 1 August 2006 made between (1) LDC (Holdings) plc and (2) Michael James Wills Farrow (the **UNITE Discretionary Trust**) is a Limited Partner in each Limited Partnership (other than Filbert Village Student Accommodation, L.P.) with a 90 per cent. partnership interest and nominal partnership interest respectively (together, the **Investor Limited Partners** and together with the UNITE Limited Partner, the **Limited Partners** for such purpose).

Each of (i) the UNITE Discretionary Trust and (ii) a trust established in accordance with the laws of the Isle of Man pursuant to a trust instrument dated 6 December 2006 made between

Walbrook Trustees (IOM) Limited and Island Nominees Limited (the **Filbert Village Student Accommodation Unit Trust** or **FVUT**) is a limited partner in Filbert Village Student Accommodation, L.P. (each, a **Limited Partner** for such purpose). The UNITE Discretionary Trust has a 0.07 per cent. interest in the Filbert Village Student Accommodation, L.P. and Filbert Village Student Accommodation Unit Trust has a 99.93 per cent. interest in the Filbert Village Student Accommodation, L.P.

Nominees:

Each of USAF Nominee No. 1 Limited (registered number 05855598), USAF Nominee No. 1A Limited (registered number 05835512), USAF Nominee No. 10 Limited (registered number 06714690) and USAF Nominee No. 10A Limited (registered number 06714615) (each together with any other nominee that is a subsidiary of the Obligor HoldCo and accedes in such capacity as an Obligor to the CTA, the STID, the MDA and the Tax Deed of Covenant, a **Nominee** and together, the **Nominees**) is a limited liability company incorporated in England and Wales, which was established for the principal purpose of holding the legal title to the Properties jointly, in the case of USAF Nominee No. 1 Limited, with USAF Nominee No. 1A Limited on trust for USAF No. 1 Limited Partnership and jointly, in the case of USAF Nominee No. 10 Limited, with USAF Nominee No. 10A Limited on trust for both USAF No. 10 Limited Partnership and Filbert Village Student Accommodation, L.P.. Each Nominee is (or will as at the Closing Date be) wholly owned by the Obligor HoldCo.

Management Companies:

Each of (i) USAF Management Limited (registered number 05862721) has been appointed by the Nominees on behalf of USAF No. 1 Limited Partnership and (ii) USAF Management 10 Limited (registered number 06714695) has been appointed by the Nominees on behalf of USAF No. 10 Limited Partnership and on behalf of Filbert Village Student Accommodation, L.P., as managers, and each company to which a Limited Partnership, whose General Partner is a subsidiary of Obligor HoldCo, provides a Management Lease and which has become a Limited Partnership under the CTA by execution of its General Partner of an accession memorandum (each, a **Management Company** and together the **Management Companies**) of the Properties pursuant to certain Management Company Leases.

Property Manager:

UNITE Integrated Solutions plc (registered number 02402714) (**UIS**), a public limited liability company incorporated in England and Wales, has been appointed by each Limited Partnership and each Management Company to be the property manager (in such capacity together with any additional, replacement or successor property manager from time to time as appointed by each Management Company and approved by the Obligor Security Trustee and which accedes to the CTA, the STID and the MDA in such capacity, the **Property Manager** or the **Property Managers**, as applicable) of the Properties pursuant to the property and asset management agreement dated 7 November 2006 (in the case of USAF No. 1 Limited Partnership), a deed of adherence to the property and asset management agreement dated 12 December 2008 (in the case of USAF No. 10 Limited Partnership) and a deed

of adherence to the Property Management Agreement dated 15 December 2008 (in the case of Filbert Village Student Accommodation, L.P.) (each, as amended and/or restated from time to time, the **Property and Asset Management Agreement** and together with any additional, replacement or successor agreement, the **Property and Asset Management Agreements**).

UNITE Rent Collection Company:	UNITE Rent Collection Limited (registered number 05982935) (the UNITE Rent Collection Company) has been appointed by the Property Manager to collect rent on its behalf. The UNITE Rent Collection Company has declared a trust over the rents relating to the Properties in favour of each Management Company (the UNITE Rent Collection Company Declaration of Trust).
Obligor Cash Manager:	UIS will be appointed by the Obligors to be their cash manager and to provide certain administration functions on their behalf (in such capacity, together with any successor or replacement, the Obligor Cash Manager) pursuant to the CTA.
Operator:	Mazars Corporate Finance Limited (together with any additional, replacement or successor operator from time to time appointed by the Limited Partnerships and approved by the Obligor Security Trustee and which accedes to the CTA, the STID and the MDA in such capacity, the Operator or the Operators , as applicable) is a limited liability company incorporated in England and Wales, with registered number 04252262, which is authorised and regulated by the Financial Conduct Authority and acts as the mutual operator in respect of each Limited Partnership.
Note Trustee:	Capita Trust Company Limited (registered number 00239726) (in such capacity, together with any successors and assigns or any additional or other trustee or trustees appointed pursuant to the Note Trust Deed, the Note Trustee) will be appointed as trustee for the holders from time to time of the Notes and/or Coupons pursuant to a note trust deed constituting the £380,000,000 3.374 per cent. Commercial Backed Notes due June 2028 issued by the Issuer (the Notes) to be dated on or about the Closing Date (the Note Trust Deed) between the Issuer and the Note Trustee.
Issuer Security Trustee:	Capita Trust Company Limited (in such capacity, together with its successors and assigns or any additional or other security trustee or security trustees appointed pursuant to the Issuer Deed of Charge, the Issuer Security Trustee) will be appointed as trustee for the Issuer Secured Creditors (including the Note Trustee and the Noteholders) of the Issuer Security pursuant to a deed of charge and assignment to be dated on or about the Closing Date (the Issuer Deed of Charge and the security granted thereunder, the Issuer Security) between (among others) the Issuer and the Issuer Security Trustee.
Obligor Security Trustee:	Capita Trust Company Limited will be appointed as security trustee pursuant to the STID to be dated on or about the Closing Date between, among others, the Borrower, the other Obligors and the Obligor Secured Creditors (in such capacity, together with any successors or assigns or additional or other trustee or security trustees appointed pursuant to the STID, the Obligor Security

Trustee). The Obligor Security Trustee will hold the Obligor Security on trust for the Obligor Secured Creditors and will be entitled to enforce the Obligor Security subject to and in accordance with the terms of the STID.

Original RCF Provider: Lloyds TSB Bank plc (together with any assignees or transferees, the **RCF Providers**) will provide a revolving credit facility (the **Revolving Credit Facility**) of up to £25,000,000 to the Limited Partnerships pursuant to an agreement (the **Revolving Credit Facility Agreement**) to be dated the Closing Date between it, the Limited Partnerships acting through their relevant General Partners, the other Obligors, and the Obligor Security Trustee.

RCF Agent: Lloyds TSB Bank plc (or any replacement **RCF Agent** from time to time) will act as agent of the RCF Provider(s).

Original LF Provider: HSBC Bank plc (together with any assignees or transferees, the **LF Provider**) will provide committed sterling revolving liquidity facilities and standby facilities to the Limited Partnerships (the **Obligor Liquidity Facility**) and the Issuer (the **Issuer Liquidity Facility** and together with the Obligor Liquidity Facility, the **Liquidity Facilities**) pursuant to an agreement (the **Liquidity Facilities Agreement**) to be dated the Closing Date between it, the Issuer, the Limited Partnerships acting through their relevant General Partners, the Issuer Cash Manager, the Obligor Cash Manager and the Obligor Security Trustee. Each of the Issuer and the Limited Partnerships will be required to maintain its Liquidity Facility with a bank having at least the LF Provider Minimum Ratings.

LF Provider Minimum Ratings means the unsecured, unsubordinated and unguaranteed debt obligations of the LF Provider being rated by each of the Rating Agencies at least the following levels (in each case, so long as the Notes remain rated by the relevant Rating Agency), in the case of Fitch, a long-term rating of BBB+ and a short-term rating of F2 and, in the case of S&P, both a short-term rating of A-2 and a long-term rating of BBB or, in either case, such lower rating as would not lead to any downgrade of the then current ratings of the Notes or the placing on "Credit Watch Negative" (or equivalent) of the Notes.

Obligor Account Bank: HSBC Bank plc (in such capacity, together with any successor or replacement appointed from time to time by the relevant Obligors the **Obligor Account Bank**) will be appointed as account bank to the relevant Obligors pursuant to the terms of the account bank agreement (the **Obligor Account Bank Agreement**) to be dated the Closing Date between the Borrower, the General Partners (other than Filbert Village GP Limited) for and on behalf of their respective Limited Partnerships (or, in the case of USAF GP No. 10 Limited, also on behalf of Filbert Village Student Accommodation, L.P.), the Management Companies, the Obligor Account Bank, the Obligor Cash Manager and the Obligor Security Trustee and will perform certain account bank services in relation to certain accounts (the **Obligor Accounts**) on behalf of the Borrower, the General Partners (other than Filbert Village GP Limited) for themselves and for and on behalf of their respective

Limited Partnerships (or, in the case of USAF GP No. 10 Limited, also on behalf of Filbert Village Student Accommodation, L.P.) and the Management Companies.

The Obligors will be required to maintain: (a) the transaction account established by the Borrower as at the Closing Date in accordance with the CTA (including the Borrower's interest in any replacement account the **Borrower Account**); (b) any liquidity standby account to be established by the General Partners for and on behalf of their respective Limited Partnerships in the joint names of the General Partners as at the Closing Date in accordance with the CTA (including the Limited Partnerships' interest in any replacement account, the **Obligor Liquidity Standby Account**); (c) the cure deposit account established by each General Partner for and on behalf of its respective Limited Partnership in accordance with the CTA (including each Limited Partnership's interest in any replacement account, the **Cure Deposit Accounts**); (d) the liquidity reserve account established by the General Partners for and on behalf of their respective Limited Partnerships in the joint names of the General Partners in accordance with the CTA (including the Limited Partnerships' interest in any replacement account, the **Obligor Liquidity Reserve Account**); (e) any disposal proceeds account established by a General Partner for and on behalf of its Limited Partnership as at the Closing Date in accordance with the CTA (including the General Partner's interest in any replacement account, the **Disposal Proceeds Accounts**); (f) any sinking fund account established by a General Partner for and on behalf of its Limited Partnership as at the Closing Date in accordance with the CTA (including the General Partner's interest in any replacement account, the **Sinking Fund Accounts**); (g) any defeasance account established by a General Partner for and on behalf of its Limited Partnership as at the Closing Date in accordance with the CTA (including the General Partner's interest in any replacement account, the **Defeasance Accounts**); (h) any lock-up account established by a General Partner for and on behalf of its Limited Partnership as at the Closing Date in accordance with the CTA (including the relevant General Partner's interest in any replacement account, the **Lock-Up Accounts**); (i) any general account established by a General Partner for and on behalf of its Limited Partnership as at the Closing Date in accordance with the CTA (including its interest in any replacement account, the **General Account**); (j) the account established prior to the Closing Date and maintained by USAF GP No. 1 Limited for the Limited Partnerships in accordance of the CTA (including its interest in any replacement account, the **VAT Account**); (k) each commercial rent deposit account established prior to the Closing Date in the name of the relevant Management Company (each, a **Commercial Rent Deposit Account**); (l) each student rent deposit account established prior to the Closing Date in the name of the relevant Management Company (each, a **Student Rent Deposit Account**); (m) each management company account established prior to the Closing Date in the name of the relevant Management Company (each, a **Management Company Account**); (n) each hedge collateral account established by as at the Closing Date by either

the Borrower in respect of the relevant Hedge Counterparty (each such account being the **Borrower Hedge Collateral Account**) or opened and maintained in the name of the relevant General Partners in respect of the relevant Hedge Counterparty (each such account being an **LP Hedge Collateral Account**), in each case with a bank having at least the Account Bank Minimum Rating.

Issuer Account Bank: HSBC Bank plc (together with any successor or replacement account bank appointed from time to time by the Issuer, the **Issuer Account Bank**) will be appointed as account bank to the Issuer and will maintain the Issuer Transaction Account, the Issuer Liquidity Reserve Account, the Issuer Liquidity Standby Account and any other bank account opened or maintained by the Issuer on or after the Closing Date (the **Issuer Accounts**) on behalf of the Issuer pursuant to an account bank agreement (the **Issuer Account Bank Agreement**) to be dated the Closing Date (the **Issuer Account Bank Agreement**) between the Issuer, the Issuer Account Bank, the Issuer Cash Manager and the Issuer Security Trustee.

The Issuer will be required to maintain the Issuer Accounts with the Issuer Account Bank or, if it becomes aware that the Issuer Account Bank does not hold the Account Bank Minimum Ratings, the Issuer Accounts shall be moved to a bank which does satisfy the Account Bank Minimum Ratings.

Account Bank Minimum Ratings means the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank and of the Obligor Account Bank being rated by each of the Rating Agencies at least the following levels (in each case, so long as the Notes remain rated by the relevant Rating Agency), in the case of Fitch, both a short term rating of F2 and a long-term rating of BBB+ and, S&P, both a short-term rating of A2 and a long-term rating of BBB or, in either case, such other lower rating as would not lead to any downgrade of the then current ratings of the Notes, or the placing on "Credit Watch Negative" (or equivalent) of the Notes.

Principal Paying Agent: HSBC Bank plc will provide certain services to the Issuer as principal paying agent (in such capacity, the **Principal Paying Agent** and together with any other paying agent appointed by the Issuer from time to time, the **Paying Agents**) pursuant to the terms of a paying agency agreement to be dated on or about the Closing Date (the **Agency Agreement**) between, the Issuer, the Principal Paying Agent and the Note Trustee.

Issuer Cash Manager: HSBC Bank plc (in such capacity, together with any successor or replacement appointed from time to time by the Issuer the **Issuer Cash Manager**) will be appointed as cash manager by the Issuer, pursuant to the terms of a cash management agreement (the **Issuer Cash Management Agreement**) to be dated the Closing Date between, the Issuer, the Issuer Security Trustee and the Issuer Cash Manager. The Issuer Cash Manager will manage (a) the transaction account which the Issuer is required to open and maintain with the Issuer Account Bank as at the Closing Date (including its interest in any replacement account, the **Issuer**

Transaction Account); (b) the liquidity reserve account to be established by the Issuer in accordance with the Issuer Cash Management Agreement (including its interest in any replacement account, the **Issuer Liquidity Reserve Account**); and (c) the liquidity standby account to be established by the Issuer in accordance with the Issuer Cash Management Agreement (including its interest in any replacement account, the **Issuer Liquidity Standby Account**) and will determine the amounts of, and arrange for the making of, payments due from the Issuer and keep certain records on the Issuer's behalf.

Corporate Services Provider:

Capita Trust Corporate Limited will be appointed as corporate services provider to the Issuer, the Issuer HoldCo, the Issuer Security Trustee (in such capacity, the **Corporate Services Provider**) pursuant to the terms of a corporate services agreement (the **Corporate Services Agreement**) to be dated the Closing Date between, *inter alios*, the Issuer, the Issuer HoldCo and the Corporate Services Provider. Pursuant to the terms of the Corporate Services Agreement, the Corporate Services Provider will provide certain directors and certain other corporate services to the Issuer and the Issuer HoldCo.

Rating Agencies:

Initially, each of Fitch and S&P (together with any other rating agencies appointed by the Issuer from time to time provide credit ratings for the Notes, the **Rating Agencies**) has provided a credit rating of AaF and AaF, respectively for the Notes.

Each of S&P and Fitch is a credit rating agency established and operating in the European Community prior to 7 June 2010 and has been registered in compliance with the requirements of Regulation (EC) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009 of Credit Rating Agencies (as amended) (the **CRA Regulation**). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to a revision, suspension or withdrawal at any time by the assigning rating organisation.

Joint Lead Arrangers:

HSBC Bank plc (**HSBC**) and Lloyds TSB Bank plc (**Lloyds**) will act as the mandated lead arrangers in respect of the issue of the Notes (the **Joint Lead Arrangers**).

Bookrunners:

Barclays Bank PLC (**Barclays**), HSBC, Lloyds and The Royal Bank of Scotland plc (**RBS**).

Borrower Hedge Counterparties:

Any counterparties under Hedges that the Borrower may enter into in connection with any Issuer/Borrower Loan made to it after the Closing Date using the proceeds of any Further Notes, Replacement Notes or New Notes.

LP Hedge Counterparties:

Any counterparties under Hedges that the Limited Partnerships may enter into in connection with Obligor Loan made to it after the Closing Date (and together with any **Borrower Hedge Counterparty**, the **Hedge Counterparties** and each a Hedge Counterparty).

SUMMARY OF THE NOTES

Form and denominations:

The Notes will be in bearer form and initially be represented by a Temporary Global Note without Coupons attached and deposited with a common depositary for Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* on the Closing Date.

Interests in the Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without Coupons attached, not earlier than 40 days after the Closing Date upon certification of non-U.S. beneficial ownership.

In certain limited circumstances, Notes with Coupons attached issued in definitive bearer form (**Definitive Notes**) will be issued in exchange for the Permanent Global Note.

Definitive Notes for the Notes and the Coupons attached will be issued in bearer form in minimum denominations of £100,000 and integral multiples of £1,000 up to and including £199,000. No Definitive Notes will be issued with a denomination below £100,000.

Status and ranking:

The Notes will be constituted by the Note Trust Deed and will be secured by the Issuer Security created under the Issuer Deed of Charge, both to be entered into on the Closing Date.

The Notes and/or Coupons will constitute secured, direct, unconditional (subject to Condition 10 (*Enforcement*)) and unsubordinated obligations of the Issuer.

Prior to the occurrence of an Issuer Event of Default and the delivery to the Issuer of a notice by the Note Trustee, copied to the Rating Agencies, which declares the Notes to be immediately due and payable (an **Issuer Acceleration Notice**) and/or a notice of enforcement by the Issuer Security Trustee of the Issuer Security in accordance with the Issuer Deed of Charge, copied to the Issuer Secured Creditors and the Rating Agencies (an **Issuer Enforcement Notice**), payments of interest in respect of the Notes will be made in accordance with the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities – see "*Payment Priorities*" below.

The Notes and/or Coupons (if any) will represent the right of the holders thereof (the **Noteholders** and/or the **Couponholders**, respectively) to receive payments of interest, principal and/or premium (if any) from the Issuer in accordance with the terms and conditions of the Notes (the **Conditions**).

Interest Payment Dates and Interest Periods:

Interest on the Notes is payable by reference to successive three-month interest periods each of which commence on (but exclude) 31 March, 30 June, 30 September and 31 December (each, an **Interest Payment Date**) and end on (but include) 30 June, 30 September, 31 December and 31 March (respectively) (each, an **Interest Period**). Interest on the Notes will be payable in arrear on each Interest Payment Date or, if such date is not a Business Day, the immediately following Business Day (each, a **Payment Date**).

Each successive Interest Period will commence on (and include) an Interest Payment Date and end on (but exclude) the following Interest Payment Date, except that the first Interest Period in respect of the Notes will commence on (and include) the Closing Date and end on (and include) the Interest Payment Date falling on 30 September 2013.

Withholding tax:

All payments of principal, interest and/or premium (if any) in respect of the Notes will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, unless such withholding or deduction is required by law.

Neither the Issuer nor any other person will be obliged to pay any additional amounts to the Noteholders and/or Couponholders in respect of any amounts required to be withheld or deducted as described above.

Expected redemption:

The Notes are expected to be redeemed at their original principal amount less the aggregate amount of all payments of principal made in respect of such Notes which have become due and payable and have been paid (the **Principal Amount Outstanding**) on the Interest Payment Date falling on 30 June 2023 (the **Expected Maturity Date**) to correspond with the Initial Loan Final Maturity Date (or, if such date is not a Business Day, the immediately following Business Day), together with accrued but unpaid interest on the Principal Amount Outstanding of the Notes up to but excluding the Expected Maturity Date.

Final redemption:

Unless previously redeemed in full, the Notes will be redeemed at their Principal Amount Outstanding on the Interest Payment Date falling on 30 June 2028 (the **Final Maturity Date**) (or, if such date is not a Business Day, the immediately following Business Day), together with accrued but unpaid interest on the Principal Amount Outstanding of the Notes up to (but excluding) the Final Maturity Date.

Mandatory early redemption in whole or in part:

Under the terms of the CTA and the Issuer/Borrower Facilities Agreement, the Borrower is in some circumstances permitted, and in other circumstances required, to prepay or repay the Initial Issuer/Borrower Loan prior to the Expected Maturity Date and/or the Final Maturity Date (as applicable).

If the Borrower gives notice to the Issuer that it will prepay the whole or part of any Issuer/Borrower Loan:

- (a) by way of a voluntary prepayment prior to the delivery of an Obligor Enforcement Notice and/or Obligor Acceleration Notice having been given;
- (b) using an Intra-Group Payment prior to the delivery of an Obligor Enforcement Notice and/or Obligor Acceleration Notice using the following amounts deposited into its Disposal Proceeds Account (i) the proceeds of a disposal of a Property or Properties in excess of £1,000,000 (A) at

the option of the relevant Limited Partnership or (B) if not applied by the relevant Limited Partnership towards an acquisition within 12 months or (ii) the proceeds of a compulsory purchase of a Property or Properties in excess of £1,000,000 or (iii) insurance proceeds (other than proceeds from loss of rent insurance) in excess of £1,000,000 (A) at the option of the relevant Limited Partnership or (B) if not applied by the relevant Limited Partnership in reinstatement of the relevant Property or Properties within three years;

- (c) using an Intra-Group Payment prior to the delivery of an Obligor Enforcement Notice and/or an Obligor Acceleration Notice being given using amounts standing to the credit of its Lock-Up Accounts following a Trigger Event occurring and subsisting for 18 months and/or amounts standing to the credit of its Cure Deposit Accounts as a result of the exercise of a Cure Right if there has been a breach of the Financial Covenant Ratios for two Consecutive Test Dates following not less than 5 days' notice to the Noteholders; or
- (d) using an Intra-Group Payment following the delivery of an Obligor Enforcement Notice but prior to the delivery of an Obligor Acceleration Notice using amounts standing to the credit of its Disposal Proceeds Account, and Lock-Up Accounts and/or its Cure Deposit Accounts,

(in each case in accordance with the Prepayment Principles set out in the CTA and the relevant provisions of the Issuer/Borrower Facilities Agreement) then the Issuer will be obliged to redeem the corresponding Notes at their then Principal Amount Outstanding multiplied by the Redemption Percentage (as defined below) (the **Redemption Amount**) on the Interest Payment Date on or immediately following the date on which the relevant prepayment is made by the Borrower. Any prepayment by the Borrower must be made together with any accrued but unpaid interest to the Interest Payment Date on which the corresponding Notes will be redeemed together with any other amounts required by the Issuer to pay the Redemption Amount in respect of the corresponding Notes on such Interest Payment Date and any amounts ranking in priority to or *pari passu* with the corresponding Notes on such Interest Payment Date (the **Repayment Costs**).

Redemption Percentage means:

- (a) in connection with any redemption of the Notes prior to their Expected Maturity Date as a result of paragraphs (a) or (b)(i) above, the greater of:
 - (i) 100 per cent.; and
 - (ii) that price (as reported in writing to the Issuer and the Note Trustee by a financial adviser selected by the Expert) expressed as a percentage (and rounded, if necessary, to the third decimal place (0.0005 being rounded upwards)) at which the

Gross Redemption Yield on the Notes on the Relevant Date is equal to the Gross Redemption Yield at 3.00 p.m. (London time) on that date of the Relevant Treasury Stock on the basis of the arithmetic mean (rounded, if necessary, as aforesaid) of the offered prices of the Relevant Treasury Stock quoted by the Reference Market Makers (on a dealing basis for settlement on the next following dealing day in London) at or about 3.00 p.m. (London time) on the Relevant Date plus 0.50 per cent. and so that for the purpose of this sub-paragraph (ii): **Reference Market Makers** means three brokers and/or London gilt-edged market makers approved in writing by the Expert; **Relevant Date** means the date which is the third business day in London prior to the date of redemption pursuant to Condition 6.3; **Gross Redemption Yield** means a yield calculated 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" (third edition published 16/03/2005); **Relevant Treasury Stock** means such United Kingdom government stock as the Expert shall determine to be a benchmark gilt the maturity of which most closely matches the Expected Maturity Date of the Notes as calculated by a financial adviser selected by the Expert, where **Expert** means a leading broker and/or gilt edged market maker or other expert operating in the gilt market selected and appointed by the Issuer and approved in writing by the Note Trustee; and

- (b) in connection with any redemption of the Notes on or following their Expected Maturity Date or as a result of paragraphs (b)(ii), (b)(iii), (c) and (d) above, 100 per cent.

In all other circumstances (including as a result of illegality or tax reasons as referred to below) a prepayment of the Initial Issuer/Borrower Loan which results in a redemption of the Notes, such redemption shall be without premium or penalty and shall be made at their then Principal Amount Outstanding.

Cancellation and redemption in whole upon gross-up under the Issuer/Borrower Facilities Agreement:

The Issuer shall redeem all of the Notes on an Interest Payment Date at their Principal Amount Outstanding together with any accrued but unpaid interest thereon at any time that the Borrower cancels and prepays the Initial Issuer/Borrower Loan as a consequence of (i) the Borrower or any other Obligor being required to increase certain payments to the Issuer (or, in respect of the corresponding Intra-Group Loan, to the Borrower) as a result of the imposition of a requirement to deduct or withhold tax from such payments or (ii) the Borrower or any other Obligor being

required to pay an amount in respect of tax to the Issuer (or, in respect of the corresponding Intra-Group Loan, to the Borrower) in accordance with the Issuer/Borrower Facilities Agreement (or, in the case of any other Obligor, the Intra-Group Agreement).

**Substitution/
redemption in whole for
taxation on Notes and
other reasons:**

In the event that the Issuer satisfies the Note Trustee that:

- (a) any change in tax law (or the application or official interpretation thereof) requires or will require the Issuer to make any withholding or deduction for or on account of any United Kingdom taxes from payments in respect of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of such withholding or deduction); or
- (b) by reason of a change in law (or the application or official interpretation thereof) it has or will become unlawful in any applicable jurisdiction for the Issuer to perform any of its obligations under the Issuer/Borrower Facilities Agreement or to fund or to maintain its participation in any Issuer/Borrower Loan,

the Issuer will (broadly) be obliged to use its reasonable endeavours to mitigate the effects of these events, including in the case of the events described in paragraph (a) above by arranging for the substitution of a company incorporated in an alternative jurisdiction (approved in writing by the Note Trustee) as principal debtor under the Notes and in respect of the other Issuer Secured Liabilities and as a lender under the Issuer/Borrower Facilities Agreement.

If the Issuer is, upon the occurrence of any such events described in paragraph (a) above, unable to mitigate or arrange a substitution and, if in relation to the events described in paragraph (b) only, the Issuer has notified the Borrower that the commitment of the Issuer under the Issuer/Borrower Facilities Agreement is cancelled thereby obliging the Borrower to repay the Initial Issuer/Borrower Loan, the Issuer may redeem (without premium or penalty) all (but not some only) of the Notes at their Principal Amount Outstanding together with accrued but unpaid interest thereon.

**Mandatory redemption
following Obligor
Enforcement Notice
and/or Obligor
Acceleration Notice:**

The Issuer shall apply any monies received from or on behalf of the Obligor Security Trustee or any receiver appointed by the Obligor Security Trustee (other than as set out above) in redemption of the Initial Issuer/Borrower Loan following the delivery of an Obligor Acceleration Notice to redeem the Notes at their then Principal Amount Outstanding.

**Further Notes, New
Notes and Replacement
Notes:**

The Issuer will be entitled (but not obliged) at its option at any time and from time to time, without the consent of the Noteholders, to raise further funds by the creation and issue of:

- (a) notes (the **Further Notes**), which will be in bearer form and carry the same terms and conditions in all respects (save as to the first Interest Period, the first Interest Payment Date and the initial principal amount outstanding) as the

Notes then outstanding and form a single class with them; and/or

- (b) notes of a new class (the **New Notes**), which will be in bearer form and which may rank *pari passu* with or after the Notes then outstanding and may carry terms that differ from the Notes then outstanding and do not form a single class with them (with the holders of such New Notes being the **New Noteholders**); and/or
- (c) notes of a new class (the **Replacement Notes**), which will be in bearer form and which may replace some or all of the Notes then outstanding and/or rank *pari passu* with or after the Notes then outstanding and may carry terms that differ from the Notes then outstanding and do not form a single class with them.

It shall be a condition precedent to the issue of any Further Notes, New Notes or any Replacement Notes that, among other things:

- (i) the Rating Agencies confirm that any Further Notes, New Notes or, as the case may be, Replacement Notes ranking *pari passu* with the Notes then outstanding are assigned the same ratings as the then current ratings of the Notes then outstanding with which they rank *pari passu*; and
- (ii) the Rating Agencies have confirmed (in writing in the case of S&P) (or, in the case of any Rating Agency other than S&P, only where any of the Rating Agencies is unwilling to provide such confirmation for any reason other than related to the rating itself, the Borrower certifies that it has notified the relevant Rating Agency of the proposed Further Notes, New Notes or, as the case may be, Replacement Notes and after having made all reasonable enquiries with the relevant Rating Agency and/or otherwise and providing evidence to the Obligor Security Trustee to support such certification) that the then current ratings of the Notes then outstanding will not be adversely affected by the issue of any Further Notes, New Notes or, as the case may be, Replacement Notes.

Purchases:

The Obligors may purchase the Notes but only to the extent that the relevant Obligor is permitted to do so pursuant to the CTA, the Issuer/Borrower Facilities Agreement and the Intra-Group Agreement. Any Notes which are so purchased by an Obligor will, in accordance with the CTA, the Issuer/Borrower Facilities Agreement and the Intra-Group Agreement, be surrendered by that Obligor to the Issuer and an equivalent amount of the Initial Issuer/Borrower Loan and, in the case of the purchase by an Obligor other than the Borrower, an equivalent amount of the Intra-Group Loans made by the Borrower to that Obligor will be cancelled. Until an Obligor (including the Borrower) surrenders Notes to the Issuer which it has purchased in accordance with the CTA and the Issuer/Borrower Facilities Agreement or if the UNITE Fund or any member of the UNITE Group purchases Notes, it shall not exercise any voting rights in respect of or count towards a

quorum for Noteholder meetings with respect to such Notes held by it. An Obligor may only purchase Notes in accordance with the Prepayment Principles – see "*Summary of Transaction Documents – Common Terms Agreement*".

Transfer restrictions: Subject to applicable laws and regulations, there will be no transfer restrictions in respect of the Notes.

Selling restrictions: There will be restrictions on the offer, sale and transfer of the Notes. See "*Subscription and Sale*".

Limited recourse and non-petition: No Noteholder shall be entitled to take any steps (otherwise than in accordance with the Note Trust Deed and the Conditions) to enforce the Issuer Security other than when expressly permitted to do under the Conditions, enforce the performance of any of the provisions of the Issuer Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Issuer Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Noteholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer nor take any action which would result in the Issuer Payment Priorities not being observed.

All obligations of the Issuer to the Noteholders are limited in recourse to the Issuer Charged Assets.

Governing law: The Notes and the Issuer Transaction Documents and any non-contractual obligations arising out of or in respect of them will be governed by English law.

Jurisdiction: The English courts will have exclusive jurisdiction in relation to any dispute relating to the Notes and/or Coupons, the Note Trust Deed and the other Issuer Transaction Documents and any non-contractual obligations arising out of or in connection therewith.

KEY CHARACTERISTICS OF THE INITIAL ISSUER/BORROWER LOAN

Initial Issuer/Borrower Loan:	The Initial Issuer/Borrower Loan will be a full recourse obligation of the Borrower. The obligations of the Borrower under the Issuer/Borrower Facilities Agreement will be guaranteed on a joint and several basis by each other Obligor under the Obligor Guarantees. The obligations of the Borrower under the Issuer/Borrower Facilities Agreement and the other Obligors in respect thereof under the Obligor Guarantees will be secured by the Obligor Security.
Purpose:	The proceeds of the Initial Issuer/Borrower Loan will be applied by the Borrower to on-lend certain amounts to the Obligors pursuant to the Intra-Group Agreement. See " <i>Use of Proceeds</i> " for more information.
Interest rate:	The Initial Issuer/Borrower Loan will bear interest at a rate equal to the rate applicable to the Notes.
Interest payments:	Interest under the Initial Issuer/Borrower Loan will be paid on the same dates on which payments in respect of interest are required to be made on the Notes.
Final repayment:	Unless the Borrower has previously repaid the Initial Issuer/Borrower Loan, it will be required to repay the Initial Issuer/Borrower Loan falling three Business Days prior to 30 June 2023 (the Initial Loan Final Maturity Date) (which will coincide with the Expected Maturity Date of the Notes) together with accrued interest up to (but excluding) the Initial Loan Final Maturity Date.
Repayment, prepayment and cancellation:	<p>Repayment of the Initial Issuer/Borrower Loan shall be made in accordance with the terms of the CTA and the Issuer/Borrower Facilities Agreement. See "<i>Summary of Transaction Documents – Common Terms Agreement</i>" and "<i>Issuer/Borrower Facilities Agreement</i>" below.</p> <p>Any notice of prepayment or cancellation shall be irrevocable and any prepayment pursuant to the Issuer/Borrower Facilities Agreement shall be accompanied by the payment of certain break costs, accrued interest and associated costs on the amount prepaid. See "<i>Summary of Transaction Documents – Common Terms Agreement</i>" and "<i>Issuer/Borrower Facilities Agreement</i>" below.</p>
Representations and warranties:	The representations and warranties to be given by the Obligors under the Issuer/Borrower Facilities Agreement in respect of the Initial Issuer/Borrower Loan, on the date of the Issuer/Borrower Facilities Agreement (and, in respect of certain of the representations and warranties, on each Loan Interest Payment Date) will be those set out in the section entitled " <i>Summary of Transaction Documents – Common Terms Agreement</i> " below.
Covenants:	The covenants to be made by the Obligors under the

Issuer/Borrower Facilities Agreement in respect of the Initial Issuer/Borrower Loan will be those set out in the section entitled "*Summary of Transaction Documents – Common Terms Agreement*" below.

CTA:

The Issuer, as the provider of the Initial Issuer/Borrower Loan to the Borrower (and as such an Obligor Facility Provider), will be party to and be bound by the CTA, the MDA and the STID. The CTA sets out the common terms applicable to the Issuer/Borrower Facilities, the Revolving Credit Facility, the Obligor Liquidity Facility and the Permitted Facilities (if any) the Obligors enter into from time to time. Save for certain limited exceptions, no Obligor LF Provider (including the Issuer under the Issuer/Borrower Facilities Agreement) can have additional representations, warranties, covenants, liquidity events, lock-up events, trigger events or events of default beyond the common terms deemed to be incorporated by reference into their relevant Obligor Facilities through their execution of, or accession to, the CTA, the MDA and the STID. It is a requirement under the CTA that any future provider of a Obligor Facility must accede to and be bound by the terms the CTA, the MDA and the STID (see "*Summary of the Transaction Documents – Common Terms Agreement*" below) and the intercreditor arrangements contained in the STID (see "*Security Trust and Intercreditor Deed*" below).

Guarantees and security:

As security for the repayment of the Obligor Loans (including the Initial Issuer/Borrower Loan) and the Obligor Guarantees (including in respect thereof), the Borrower and the other Obligors will enter into a deed of charge (the **Obligor Deed of Charge**) and certain other security documents including over or relating to the Scottish Properties (together with the Obligor Deed of Charge and the STID, the **Obligor Security Documents**) to be dated on or about the Closing Date in favour of the Obligor Security Trustee pursuant to which, amongst other things, they will grant security over certain of their assets in favour of the Obligor Security Trustee. For a more detailed description of the Obligor Security, see "*Summary of Transaction Documents - Obligor Security Documents*" below.

KEY CHARACTERISTICS OF THE PROPERTY PORTFOLIO

Properties:

As at the Closing Date, there will be 39 properties (each, a **Property** and together, the **Properties**) in the portfolio of all the Properties (the **Property Portfolio**), located in 15 towns and cities throughout England, Wales and Scotland.

The Property Portfolio will be 75 per cent. freehold (or, in Scotland, heritable title), 8 per cent. mixed freehold and long leasehold and 17 per cent. long leasehold by value.

As at the Closing Date, each Property is or will be beneficially owned by a Limited Partnership as indicated in the table entitled "*Summary of the Property Portfolio*" below. The legal title to each Property is or will be held on trust for the relevant Limited Partnership by the Nominees for that Limited Partnership (being, in relation to USAF No. 1 Limited Partnership, USAF Nominee No. 1 Limited and USAF Nominee No. 1A Limited and, in relation to both USAF No. 10 Limited Partnership and Filbert Village Student Accommodation, L.P., USAF Nominee No. 10 Limited and USAF Nominee No. 10A Limited) although for some of the Properties legal title will only vest upon completion of the title registrations being processed by the English and Scottish land registries following the Closing Date.

The Properties consist of buildings and adjacent land which have been built or redeveloped for the purposes of providing accommodation to university students and students in higher education (**students**). The Properties have all been built or refurbished since and including 2001.

The Management Companies will lease the Properties from the relevant Limited Partnership pursuant to the Management Company Leases. The Management Companies, in turn, will grant short-term tenancies predominantly to students, and from time to time also to key workers (including nurses, doctors, firemen and policemen), wardens, tutors, staff members, conference delegates, vacation guests and their respective families for residential purposes, provided that none of the foregoing enjoys security of tenure beyond the agreed contractual term in relation thereto, pursuant to any lease, licence, tenancy or other occupational agreement (the **Direct Occupational Leases**). Some of the Properties are subject to nomination agreements, whereby universities are entitled to "nominate" a certain number of students to occupy rooms pursuant to a Direct Occupational Lease (the **Nomination Agreements**). Parts of some Properties are also or will from time to time be subject to commercial lettings (the **Commercial Leases**).

Pursuant to the terms of the CTA, the Limited Partnerships may purchase additional properties the predominant purpose of which is to provide accommodation to students and from time to time also to key workers (including nurses, doctors, firemen and policemen), wardens, tutors, staff members, conference delegates, vacation guests and their respective families for residential purposes, provided that none of the foregoing enjoys security of tenure in relation

thereto. Properties providing accommodation to students will be subject to Direct Occupational Leases or Nomination Agreements.

Valuer:

Each of the Properties has been individually valued by CBRE (the **Valuer**). CBRE does not have a material interest in the Issuer. CBRE has been the external valuer to USAF since 2007, providing independent advice. Such valuations are provided to USAF on a quarterly basis.

CBRE's advice on student accommodation assets includes valuation and investment transactions for both regular clients and for one-off advice to a range of clients. With its regular valuation mandates, CBRE's student housing valuation team provides valuations in respect of more than 25,000 bedspaces, covering more than 25 regional university towns.

CBRE is a leading valuer to the fund management industry, valuing 15,000 commercial properties with a combined value of over £100bn annually. The valuation and research teams also publish regular research and commentary on the market.

Management:

Each Limited Partnership has appointed UNITE Integrated Solutions plc (**UIS**) to be the Property Manager of the Properties and perform certain cash management and other functions on its behalf in accordance with the Property and Asset Management Agreement. UIS will also enter into a duty of care deed on the Closing Date with, amongst others, the Management Companies and the Obligor Security Trustee, pursuant to which UIS will undertake, *inter alia*, to comply in all material respects with its obligations under the Property and Asset Management Agreement (including any duty of care deed with a property manager from time to time in substantially the same form, the **Duty of Care Deed**).

Rental income in respect of the Direct Occupational Leases and any Commercial Leases in respect of the Properties will be paid initially to an account held in the name of the UNITE Rent Collection Company. The UNITE Rent Collection Company will hold the rental income relating to the Properties on trust for the relevant Management Company and transfer the amount of cleared funds identified as relating to the Properties into accounts established by the Management Companies in accordance with the CTA (together with any replacement accounts, the **Management Company Accounts**) on the close of business on each Business Day. The Management Company Accounts will be subject to security to be granted in favour of the Obligor Security Trustee pursuant to the Obligor Security Documents. See "*Risk Factors - Security over Security Accounts*".

Valuation:

The aggregate market value of the Property Portfolio as determined by the Valuer as at 20 May 2013, in its valuation report (the **Property Valuation Report**), a copy of which appears in the "*Valuation Report*" contained in Appendix 1 to this Prospectus, is £799,680,000 (together with or, in relation to any Incoming Properties, the Valuation prepared on or prior to the time such Incoming Property was first owned by an Obligor and delivered in accordance with the CTA, the **Initial Valuations**).

The Property Valuation Report is dated 20 May 2013 and the Initial Valuations in relation to the Properties that will comprise the Property Portfolio as at the Closing Date were determined as at 20 May 2013 (the **Initial Valuation Date**) and reflect estimated tenancy and occupancy levels of such Properties. The Valuation Report was prepared based on figures provided by UNITE to CBRE as of 7 May 2013. On the basis of the Initial Valuations for the Property Portfolio as at the Closing Date, the Loan to Value Ratio of the Initial Issuer/Borrower Loan and the RCF Loan to be made on the Closing Date (expressed as a percentage) will be 50.6 per cent. on the Closing Date. Under the terms of the CTA, the Obligor must provide to the Obligor Security Trustee and certain other Obligor Secured Creditors (among others) (i) a Quarterly Valuation within 15 Business Days of each quarter end and (ii) a Full Valuation within 45 Business Days of each second anniversary of the first Test Date following the Closing Date and on each anniversary of the first Test Date following the occurrence of a Trigger Event which is continuing.

Insurance:

In accordance with the terms of the CTA, the Obligor is required to maintain or ensure or procure that there is effected and maintained insurance in respect of the Properties at all times with a suitable and reputable insurer (the **Insurance Covenant**). As at the date of this Prospectus, such insurance provider in respect of all of the Properties (except for two leasehold Properties) is Axa Limited.

Summary of the initial Property Portfolio:

Set out below is a summary of the Property Portfolio as at the Closing Date.

Property	Location	Market value(£)	Beneficial owner
			USAF No.1 Limited Partnership (LP1) acting by its General Partner USAF GP No.1 Limited (GP1)
King Street Exchange	Aberdeen	10,800,000	LP1 acting by GP1
Old Fire Station	Aberdeen	15,510,000	LP1 acting by GP1
Spring Gardens	Aberdeen	22,860,000	LP1 acting by GP1
Londonderry House	Birmingham	10,580,000	LP1 acting by GP1
The Heights	Birmingham	43,760,000	LP1 acting by GP1
Blenheim Court	Bristol	16,470,000	LP1 acting by GP1
Cherry Court	Bristol	11,410,000	LP1 acting by GP1
			USAF No.10 Limited Partnership (LP10) acting by its General Partner USAF GP No.10 Limited (GP10)
Favell House	Bristol	14,240,000	LP1 acting by GP1
Phoenix Court	Bristol	24,260,000	LP10 acting by GP10
The Rackhay	Bristol	6,885,000	LP10 acting by GP10
Northfields	Exeter	14,700,000	LP1 acting by GP1
Blackfriars	Glasgow	25,950,000	LP1 acting by GP1
Buchanan View	Glasgow	31,630,000	LP1 acting by GP1
Firth Point	Huddersfield	7,750,000	LP1 acting by GP1
Snow Island	Huddersfield	18,010,000	LP1 acting by GP1
The Plaza	Leeds	51,240,000	LP1 acting by GP1

The Tannery	Leeds	23,580,000	LP1 acting by GP1 Filbert Village Student Accommodation, L.P. (FV LP) acting by its general Partner Filbert Village GP Limited (GP FV)
Filbert Village	Leicester	29,060,000	
Newarke Point	Leicester	35,420,000	LP1 acting by GP1
St Martins House	Leicester	8,290,000	LP1 acting by GP1
The Grange	Leicester	11,930,000	LP1 acting by GP1
Apollo Court	Liverpool	10,130,000	LP1 acting by GP1
Capital Gate	Liverpool	21,070,000	LP1 acting by GP1
Grand Central	Liverpool	64,825,000	LP1 acting by GP1
Larch House	Liverpool	4,290,000	LP10 acting by GP10
Blithehale Court	London	44,700,000	LP10 acting by GP10
Kirby St	London	32,665,000	LP10 acting by GP10
Pacific Court	London	19,180,000	LP10 acting by GP10
Sunlight Apartments	London	2,620,000	LP1 acting by GP1
The Holt	Loughborough	13,560,000	LP1 acting by GP1
Riverside Point	Nottingham	24,720,000	LP10 acting by GP10
St Peters	Nottingham	37,440,000	LP1 acting by GP1
Central Point	Plymouth	16,180,000	LP1 acting by GP1
Discovery House	Plymouth	18,840,000	LP1 acting by GP1
St Teresa House	Plymouth	5,710,000	LP10 acting by GP10
St Thomas	Plymouth	12,710,000	LP1 acting by GP1
Crown House	Reading	10,690,000	LP10 acting by GP10
Exchange	Sheffield	18,545,000	LP1 acting by GP1
The Anvil	Sheffield	7,470,000	LP10 acting by GP10
		<u>799,680,000</u>	

For a more detailed description of the Property Portfolio, see "*Property Portfolio*" and the "*Valuation Report*" contained in Appendix 1 to this Prospectus.

PROPERTY PORTFOLIO

As at the Closing Date, there will be 39 properties in the property portfolio (the **Property Portfolio**), located in 15 towns and cities throughout England and Scotland. The Property Portfolio as at the Closing Date will be 75 per cent. freehold (or, in Scotland, heritable title) and 8 per cent. mixed freehold and long leasehold and 17 per cent. long leasehold by value.

The properties (together, the **Properties**) consist of buildings and adjacent land which have been built or redeveloped for the purposes of providing accommodation to students. The Properties have all been built or refurbished since and including 2001. Pursuant to the terms of the CTA, the Obligors may purchase additional properties which may provide accommodation to students or to make commercial lettings.

The Properties

The title to each Property is legally owned by two Nominees on trust for the relevant Limited Partnership and beneficially owned by a Limited Partnership (although legal title will only vest upon completion of the registration of the Nominees' titles).

The aggregate open market value of the Property Portfolio as valued by the Valuer on 20 May 2013 was £799,680,000 in the report (the **Property Valuation Report**) contained in Appendix 1 to this Prospectus. On the basis of the Property Valuation Report, the Loan to Value Ratio of the Initial Issuer/Borrower Loan and RCF Loan to be made on the Closing Date (expressed as a percentage) will be 50.6 per cent. on the Closing Date.

Summary of the initial Property Portfolio

Property	Location	Rooms	Valuation	Occupancy
King Street Exchange	Aberdeen	178	10,800,000	99%
Old Fire Station	Aberdeen	273	15,510,000	100%
Spring Gardens	Aberdeen	510	22,860,000	99%
Londonderry House	Birmingham	175	10,580,000	98%
The Heights	Birmingham	909	43,760,000	100%
Blenheim Court	Bristol	231	16,470,000	99%
Cherry Court	Bristol	176	11,410,000	100%
Favell House	Bristol	234	14,240,000	94%
Phoenix Court	Bristol	277	24,260,000	100%
The Rackhay	Bristol	115	6,885,000	100%
Northfields	Exeter	190	14,700,000	100%
Blackfriars	Glasgow	520	25,950,000	99%
Buchanan View	Glasgow	660	31,630,000	95%
Firth Point	Huddersfield	200	7,750,000	100%
Snow Island	Huddersfield	427	18,010,000	100%
The Plaza	Leeds	964	51,240,000	83%
The Tannery	Leeds	502	23,580,000	99%
Filbert Village	Leicester	664	29,060,000	94%
Newarke Point	Leicester	658	35,420,000	98%
St Martins House	Leicester	148	8,290,000	79%
The Grange	Leicester	220	11,930,000	100%
Apollo Court	Liverpool	221	10,130,000	100%
Capital Gate	Liverpool	430	21,070,000	98%

Property	Location	Rooms	Valuation	Occupancy
Grand Central	Liverpool	1,210	64,825,000	98%
Larch House	Liverpool	104	4,290,000	98%
Blithehale Court	London	306	44,700,000	77%
Kirby St	London	128	32,665,000	96%
Pacific Court	London	142	19,180,000	87%
Sunlight Apartments	London	24	2,620,000	100%
The Holt	Loughborough	261	13,560,000	86%
Riverside Point	Nottingham	484	24,720,000	69%
St Peters	Nottingham	808	37,440,000	96%
Central Point	Plymouth	235	16,180,000	100%
Discovery House	Plymouth	281	18,840,000	100%
St Teresa House	Plymouth	112	5,710,000	100%
St Thomas	Plymouth	237	12,710,000	100%
Crown House	Reading	99	10,690,000	80%
Exchange	Sheffield	437	18,545,000	83%
The Anvil	Sheffield	163	7,470,000	98%
		13,913	799,680,000	95%

Properties grouped by type

Type	Number of properties	Market value (£m)	% of total market value	Nol (£m)	% of total Nol	Number of beds	% of total beds
Direct let	24	518.6	65%	36.1	65%	9,505	68%
Direct Let/Nomination	15	281.0	35%	19.5	35%	4,408	32%
	39	799.7	100%	55.6	100%	13,913	100%

Properties grouped by region

Region

London	4	99.2	12%	6.4	12%	600	4%
South	11	152.1	19%	10.4	19%	2,187	16%
Midlands	9	214.8	27%	14.5	26%	4,327	31%
North	10	226.9	28%	16.4	29%	4,658	34%
Scotland	5	106.8	14%	7.8	14%	2,141	15%
	39	799.7	100%	55.6	100%	13,913	100%

Properties grouped by tenure

Tenure

Freehold	22	496.8	62%	34.1	61%	7,985	58%
Heritable	5	106.8	13%	7.8	14%	2,141	15%
Freehold/leasehold	3	60.8	8%	4.2	8%	1,141	8%
Leasehold	9	135.3	17%	9.3	17%	2,646	19%
	39	799.7	100%	55.6	100%	13,913	100%

Type	Number of properties	Market value (£m)	% of total market value	Nol (£m)	% of total Nol	Number of beds	% of total beds
Properties grouped by year of completion							
Year							
2001	6	51.8	6%	3.9	7%	1,016	7%
2002	5	68.6	8%	4.7	8%	1,320	10%
2003	6	150.3	19%	10.9	20%	2,926	21%
2004	9	190.5	24%	13.2	24%	3,675	26%
2005	3	79.9	10%	5.7	10%	1,559	11%
2006	1	24.7	3%	1.7	3%	484	4%
2007	3	60.8	8%	4.2	8%	1,104	8%
2008	5	128.5	16%	8.4	15%	1,523	11%
2009	1	44.7	6%	2.9	5%	306	2%
	39	799.7	100%	55.6	100%	13,913	100%

Properties grouped by occupancy level

%

69 to 85%	6	158.2	20%	10.5	19%	2,438	18%
85 to 95%	5	107.7	13%	7.4	13%	1,961	14%
95 to 100%	28	533.8	67%	37.7	68%	9,514	68%
	39	799.7	100%	55.6	100%	13,913	100%

The Properties

The Management Companies lease the Properties from the relevant Nominees of the relevant Limited Partnership pursuant to the Management Company Leases. The Management Companies, in turn, grant tenancies of up to 51 weeks to students pursuant to the Direct Occupational Leases. In addition, 32 per cent. of the beds are subject, fully or partly, to Nomination Agreements pursuant to which the universities "nominate" students to be granted a Direct Occupational Lease in respect of a room in a Property.

Parts of some Properties are also subject to Commercial Leases which generate approximately an aggregate gross rental income of £700,000 per annum. Such lettings generate further sundry income from laundry, car parking and vending machine services.

The aggregate gross income of the Property Portfolio for the 2012/2013 academic year at the date of this Prospectus, is approximately £72,000,000.

Management

Each Property is subject to a management lease, the landlord's interest in which is currently held by the Nominees on behalf of its Limited Partnership which owns such Property (together, the **Management Company Leases**) and held by the relevant Management Company. Staffing and other services in respect of the Properties are provided in accordance with the Property and Asset Management Agreement.

Pursuant to the terms of the Management Company Leases, the relevant Management Company is responsible for keeping each Property for which it is a tenant under the

Management Company Lease in good and substantial repair and condition (this obligation includes, if applicable, the obligation to renew and rebuild). Each Management Company is also obliged to decorate the interior and exterior aspects of the Properties at specified periods. If the relevant Management Company as the case may be does not comply with its repair obligations, the relevant Nominees, as landlords are entitled to enter the relevant Property and carry out any uncompleted works and to do what is necessary to remedy the relevant Management Company's default under the Management Company Leases.

Property and Asset Management Agreement

UIS has been appointed as the Property Manager for USAF and provides investment advice to USAF Jersey Manager Limited (the **Trust Manager**) and provides property and asset management services to each of the Limited Partnerships and the Management Companies.

The Property Manager is responsible for, *inter alia*:

- (a) co-ordinating the provision of property maintenance and proposals for the refurbishment of the Properties;
- (b) advising on investment strategy and acquisition of properties for development;
- (c) managing borrowing and funding arrangements;
- (d) providing administration services in respect of the student leases;
- (e) obtaining advice on and managing commercial lettings;
- (f) apportioning and certifying service charges; and
- (g) providing on-site laundry and security for the properties.

The Property Manager is also required to monitor and take appropriate action to ensure that each Management Company complies with its covenants in respect of the repair and maintenance of the Properties. The Property Manager in its capacity as Obligor Cash Manager is also required to determine amounts received in respect of the Properties and manage transfers between certain bank accounts.

The Property Manager is not permitted to act without the prior written consent of the Trust Manager or the relevant General Partner or a Limited Partnership in relation to any matter that is required to be referred to the advisory committee pursuant to the terms of the amended and restated trust instrument dated 7 November 2006 and entered into between Pavilion Trustees Limited (formerly Maurant & Co. Trustees Limited) and the Trust Manager.

Pursuant to the Property and Asset Management Agreement, the Property Manager is indemnified by each Limited Partnership against all claims made against it in respect of the provision of its services, save where arising from its fraud, negligence, wilful misconduct, bad faith and reckless disregard for breach of its duties.

The Property Manager will be reimbursed by the Limited Partnership for property management costs and will receive certain fees for the provision of asset management and cash management services that are detailed in the Property and Asset Management Agreement and the CTA.

The Property and Asset Management Agreement may be terminated by the trustee of USAF (the **Trustee**) in certain circumstances, including:

- (a) material breach by the Property Manager of its obligations under the Property and Asset Management Agreement where such breach causes material loss to USAF and such breach has not been remedied within 20 days of notice requiring such remedy;
- (b) certain insolvency related events occur in respect of the Property Manager; and
- (c) where the Property Manager has acted fraudulently, negligently or in bad faith and this loss has caused material loss to USAF.

The Obligors will not be entitled to terminate the appointment of the Property Manager under the Property and Asset Management Agreement, although pursuant to the Duty of Care Deed, the Obligor Security Trustee will be entitled to direct the Trustee to terminate the appointment of UIS as Property Manager for a default by the Property Manager in accordance with the terms of the Property and Asset Management Agreement (as set out above).

Where the appointment of the Property Manager is terminated, the advisory committee shall propose the identity and terms of appointment of a replacement Property Manager for the approval of unitholders by extraordinary resolution.

The Property and Asset Management Agreement contains a provision that the terms of the Property and Asset Management Agreement are subject to the terms of the Obligor Transaction Documents.

In connection with the transaction the Management Companies will each enter into a Duty of Care Deed with, amongst others, the Property Manager, pursuant to which the Property Manager will undertake, *inter alia*, to comply in all material respects with its obligations under the Property and Asset Management Agreement and to exercise all the proper skill, care and diligence in performing its obligations under the Property and Asset Management Agreement.

Rent collection and cashflow arrangements in respect of the Properties

Rent and deposits from students in relation to the Properties and in relation to any commercial lettings of the Properties is collected in the UNITE Rent Collection Company Account.

A trust will be declared over the UNITE Rent Collection Company Account in favour of each Management Company in relation to those amounts attributable to the Rental Income relating to the Properties (as amended from time to time including on or about the Closing Date) (the **UNITE Rent Collection Company Declaration of Trust**).

The UNITE Rent Collection Company is under an obligation to make payments of any rent and/or deposits collected in the UNITE Rent Collection Company Account to the relevant Management Company Account within one Business Day of receipt pursuant to certain appointment agreements (as amended from time to time, including on or about the Initial Closing Date) between UIS and the UNITE Rent Collection Company providing for its appointment (the **UNITE Rent Collection Company Appointment Agreement**).

Cashflows and net income

Below is a table setting out the estimated net income anticipated by the valuer as at the date of the Valuation Report (20 May 2013), for each of the Properties included in the Property Portfolio. The Valuer has advised that the estimated net income has been arrived at for the individual properties based upon the existing rents passing, together with a number of assumptions and variables (having regard to the short term nature of the majority of the student accommodation income) , including anticipated rental levels for the next academic year, future

rental growth rates for the particular schemes in the particular towns, any income from ancillary sources, operating costs and again their associated future growth rates, occupancy and number of weeks lettings. The estimated net income is an input into the valuation of the Valuer set out in the Valuation Report (See Appendix 1 "*Valuation Report*" of this Prospectus).

Property Name	Property Town	Total Value (unrounded)	Student Residential	Commercial	Estimated Net Operating Income Student Residential									
					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
King Street Exchange	Aberdeen	£10,795,601	£10,795,601	£0	£770,801	£797,593	£820,269	£843,582	£867,549	£892,188	£917,518	£943,558	£970,326	£997,844
Old Fire Station	Aberdeen	£15,511,899	£15,511,899	£0	£1,107,247	£1,144,704	£1,177,126	£1,210,454	£1,244,711	£1,279,925	£1,316,121	£1,353,325	£1,391,566	£1,430,871
Spring Gardens	Aberdeen	£22,862,022	£22,862,022	£0	£1,656,243	£1,707,177	£1,754,807	£1,803,741	£1,854,012	£1,905,658	£1,958,714	£2,013,217	£2,069,207	£2,126,722
Londonderry House	Birmingham	£10,583,556	£10,583,556	£0	£750,094	£760,808	£782,402	£804,601	£827,421	£850,880	£874,995	£899,784	£925,265	£951,458
The Heights	Birmingham	£43,761,397	£43,406,397	£355,000	£3,168,198	£3,106,724	£3,193,536	£3,282,729	£3,374,366	£3,468,512	£3,565,235	£3,664,603	£3,766,686	£3,871,557
Blenheim Court	Bristol	£16,468,472	£15,628,472	£840,000	£1,091,028	£1,122,189	£1,154,231	£1,187,177	£1,221,053	£1,255,884	£1,291,697	£1,328,520	£1,366,379	£1,405,305
Cherry Court	Bristol	£11,407,548	£11,407,548	£0	£796,492	£826,077	£849,622	£873,831	£898,720	£924,310	£950,620	£977,669	£1,005,478	£1,034,068
Favell House	Bristol	£14,238,725	£12,913,725	£1,325,000	£901,273	£935,992	£962,427	£989,597	£1,017,523	£1,046,225	£1,075,724	£1,106,042	£1,137,201	£1,169,224
Phoenix Court	Bristol	£24,261,174	£23,381,174	£880,000	£1,607,582	£1,661,395	£1,709,290	£1,758,553	£1,809,224	£1,861,342	£1,914,947	£1,970,083	£2,026,792	£2,085,119
The Rackhay	Bristol	£6,885,808	£6,660,808	£225,000	£458,005	£465,593	£478,752	£492,278	£506,180	£520,469	£535,156	£550,250	£565,764	£581,709
Northfields	Exeter	£14,702,808	£14,702,808	£0	£1,011,449	£1,036,289	£1,066,042	£1,096,641	£1,128,109	£1,160,472	£1,193,753	£1,227,979	£1,263,177	£1,299,373
Blackfriars	Glasgow	£25,945,452	£25,945,452	£0	£1,855,560	£1,866,690	£1,919,036	£1,972,823	£2,028,092	£2,084,882	£2,143,234	£2,203,190	£2,264,792	£2,328,085
Buchanan View	Glasgow	£31,626,715	£31,626,715	£0	£2,291,163	£2,325,528	£2,390,654	£2,457,572	£2,526,329	£2,596,975	£2,669,561	£2,744,137	£2,820,758	£2,899,478
Firth Point	Huddersfield	£7,751,736	£7,751,736	£0	£602,528	£622,678	£639,952	£657,696	£675,921	£694,640	£713,865	£733,612	£753,892	£774,720
Snow Island	Huddersfield	£18,008,704	£18,008,704	£0	£1,407,594	£1,445,144	£1,485,497	£1,526,955	£1,569,548	£1,613,307	£1,658,262	£1,704,444	£1,751,888	£1,800,626
The Plaza	Leeds	£51,243,207	£51,243,207	£0	£3,746,417	£3,834,351	£3,942,605	£4,053,870	£4,168,227	£4,285,760	£4,406,557	£4,530,706	£4,658,297	£4,789,424
The Tannery	Leeds	£23,579,628	£23,479,628	£100,000	£1,651,406	£1,686,957	£1,734,037	£1,782,406	£1,832,098	£1,883,149	£1,935,594	£1,989,470	£2,044,817	£2,101,671
Filbert Village	Leicester	£29,055,257	£29,055,257	£0	£2,150,382	£2,107,703	£2,166,266	£2,226,423	£2,288,216	£2,351,688	£2,416,882	£2,483,845	£2,552,622	£2,623,263
Newarke Point	Leicester	£35,424,747	£35,424,747	£0	£2,528,206	£2,592,248	£2,665,390	£2,740,564	£2,817,826	£2,897,233	£2,978,842	£3,062,714	£3,148,909	£3,237,492
St Martins House	Leicester	£8,291,070	£8,291,070	£0	£602,152	£615,263	£632,680	£650,584	£668,987	£687,903	£707,346	£727,331	£747,872	£768,984
The Grange	Leicester	£11,929,784	£11,784,784	£145,000	£847,421	£868,753	£893,269	£918,466	£944,364	£970,980	£998,335	£1,026,448	£1,055,340	£1,085,033
Apollo Court	Liverpool	£10,134,702	£10,134,702	£0	£723,380	£726,300	£746,535	£767,324	£788,679	£810,617	£833,153	£856,302	£880,082	£904,508
Capital Gate	Liverpool	£21,068,881	£20,828,881	£240,000	£1,497,947	£1,533,848	£1,576,840	£1,621,017	£1,666,410	£1,713,051	£1,760,974	£1,810,213	£1,860,803	£1,912,782
Grand Central	Liverpool	£64,825,902	£64,292,902	£533,000	£4,777,316	£4,912,241	£5,050,920	£5,193,455	£5,339,951	£5,490,517	£5,645,262	£5,804,301	£5,967,749	£6,135,728
Larch House	Liverpool	£4,293,295	£4,293,295	£0	£340,592	£352,241	£362,077	£372,183	£382,565	£393,231	£404,190	£415,447	£427,012	£438,892
Blietheale Court	London	£44,701,643	£43,571,643	£1,130,000	£2,880,002	£2,912,995	£2,997,485	£3,084,407	£3,173,833	£3,265,832	£3,360,479	£3,457,849	£3,558,019	£3,661,070
Kirby St	London	£32,664,664	£32,029,664	£635,000	£2,117,190	£2,167,515	£2,219,007	£2,271,692	£2,325,596	£2,380,747	£2,437,172	£2,494,899	£2,553,958	£2,614,377
Pacific Court	London	£19,182,137	£19,182,137	£0	£1,267,796	£1,275,396	£1,312,312	£1,350,289	£1,389,356	£1,429,544	£1,470,886	£1,513,414	£1,557,162	£1,602,165
Sunlight Apartments	London	£2,622,385	£2,622,385	£0	£173,338	£177,432	£182,528	£187,768	£193,157	£198,700	£204,400	£210,262	£216,290	£222,489
The Holt	Loughborough	£13,564,499	£13,564,499	£0	£968,610	£988,088	£1,015,896	£1,044,474	£1,073,843	£1,104,024	£1,135,039	£1,166,912	£1,199,664	£1,233,319
Riverside Point	Nottingham	£24,723,614	£24,723,614	£0	£1,774,798	£1,793,635	£1,844,042	£1,895,842	£1,949,073	£2,003,773	£2,059,981	£2,117,740	£2,177,090	£2,238,074
St Peters	Nottingham	£37,444,697	£37,444,697	£0	£2,713,072	£2,807,954	£2,886,513	£2,967,230	£3,050,162	£3,135,370	£3,222,913	£3,312,855	£3,405,258	£3,500,190
Central Point	Plymouth	£16,179,053	£16,094,053	£85,000	£1,157,054	£1,187,709	£1,221,689	£1,256,630	£1,292,559	£1,329,504	£1,367,494	£1,406,556	£1,446,722	£1,488,022
Discovery House	Plymouth	£18,835,122	£18,125,122	£710,000	£1,293,996	£1,330,907	£1,368,859	£1,407,880	£1,448,001	£1,489,251	£1,531,661	£1,575,265	£1,620,095	£1,666,185
St Teresa House	Plymouth	£5,705,506	£4,940,506	£765,000	£357,874	£371,094	£381,440	£392,068	£402,987	£414,204	£425,726	£437,563	£449,722	£462,212
St Thomas	Plymouth	£12,707,061	£12,707,061	£0	£913,796	£946,647	£973,381	£1,000,858	£1,029,099	£1,058,125	£1,087,956	£1,118,617	£1,150,127	£1,182,511
Crown House	Reading	£10,685,492	£9,555,492	£1,130,000	£681,935	£715,650	£732,150	£749,013	£766,247	£783,860	£801,860	£820,253	£839,049	£858,254
Exchange	Sheffield	£18,545,523	£18,045,523	£500,000	£1,291,019	£1,302,685	£1,338,693	£1,375,675	£1,413,654	£1,452,658	£1,492,713	£1,533,846	£1,576,085	£1,619,459
The Anvil	Sheffield	£7,468,922	£7,468,922	£0	£533,127	£539,608	£554,648	£570,099	£585,971	£602,277	£619,027	£636,234	£653,909	£672,065
		£799,688,409	£790,090,409	£9,598,000										

SUMMARY OF THE TRANSACTION DOCUMENTS

The following is intended only to be a summary of certain provisions of the principal Transaction Documents.

GENERAL OVERVIEW

The RCF Providers, the LF Provider and the Issuer all benefit from common terms under their relevant Obligor Facility Agreement and a common security package granted by the Borrower and the other Obligors under the Obligor Deed of Charge and other Obligor Security Documents. It is a requirement of the CTA that any future provider of an Obligor Facility must accede to and be bound by the terms of the CTA (see "*Common Terms Agreement*" below) and the intercreditor arrangements contained in the STID (see "*Security Trust and Intercreditor Deed*" below). The Issuer, as provider of the Initial Issuer/Borrower Loan to the Borrower corresponding to the proceeds of the issuance of the Notes, will also be party to and be bound by the CTA and the STID. Similarly, the RCF Providers, as providers of the Revolving Credit Facility, and the LF Provider, as provider of the Liquidity Facility, will also be party to and be bound by the CTA and the STID.

The CTA sets out the common terms applicable to the Issuer/Borrower Facilities, into which the Borrower enters, and the Revolving Credit Facility, the Liquidity Facility and any Permitted Facilities, into which the Limited Partnerships acting through their General Partners enter. Save for certain limited exceptions, no Obligor Facility Provider can have additional representations and warranties, covenants, liquidity events, lock-up events, trigger events or events of default beyond the common terms deemed to be incorporated by reference into their relevant Obligor Facilities through their execution of, or accession to, the CTA and the STID.

The STID regulates among other things (i) the claims of the Obligor Secured Creditors, (ii) the exercise and enforcement of rights by the Obligor Secured Creditors, and (iii) the giving of instructions, consents and waivers and, in particular, the basis on which votes of the Obligor Secured Creditors will be counted.

All agreements listed below and non-contractual obligations arising out of or in connection with them are governed by English law (other than the documents constituting security over the Obligors' Scottish assets, as detailed under "*Obligor Security Documents – Scottish Security*" below, which are governed by Scots law) and subject to the exclusive jurisdiction of the English courts.

COMMON TERMS AGREEMENT (CTA)

The representations and warranties, covenants, liquidity events, lock-up events, trigger events and events of default on the basis of which the RCF Providers agree to enter into the Revolving Credit Facility Agreement with the Limited Partnerships, the LF Provider agree to enter into the Liquidity Facility Agreement with the Limited Partnerships and the Issuer agrees to enter into the initial Issuer/Borrower Facility (the **Initial Issuer/Borrower Facility**) under the Issuer/Borrower Facilities Agreement with the Borrower, will be set out in the Common Terms Agreement between, inter alios, the Borrower, the other Obligors and such parties (the **CTA**). The CTA will also set out the representations and warranties, covenants, liquidity events, lock-up events, trigger events and events of default applicable to the other Obligors.

The parties to the CTA and the STID will include, among others, each Obligor, the Obligor Secured Creditors (including the RCF Providers, the LF Provider and the Issuer), the Obligor Security Trustee, the Issuer Security Trustee and the Note Trustee.

Financial Covenant Ratios

Financial Covenant Ratio means the Loan to Value Ratio, the Historic Cashflow ICR and/or the Projected Cashflow ICR.

The Financial Covenant Ratios will be breached (a **Financial Covenant Ratio Breach**), in respect of each Test Date, if:

- (a) the Loan to Value Ratio is greater than 80 per cent.;
- (b) the Historic Cashflow ICR is lower than 1.50; or
- (c) the Projected Cashflow ICR is lower than 1.50.

Test Date means 31 March, 30 June, 30 September and 31 December in each year following the Closing Date.

Calculation Date means the date six Business Days prior to each Interest Payment Date.

The **Loan to Value Ratio** will be calculated on each Calculation Date with respect to the immediately following Test Date (and recalculated quarterly on each date on which a Compliance Certificate is delivered (the **Compliance Certificate Date**) for such Test Date and taking into account any reconciliation payments made in accordance with the CTA as if made on the immediately preceding Interest Payment Date) as the proportion expressed as a percentage which:

- (a) the Net Senior Debt on such Test Date, bears to;
- (b) the aggregate market value of the Property Portfolio (calculated by reference to the then most recent Valuation).

Net Senior Debt means, for any Test Date, the aggregate Outstanding Principal Amount of the Senior Debt minus (i) any cash deposits with the Obligor Account Bank or other bank or financial institutions other than any cash deposits standing to the credit of the Obligor Liquidity Standby Account or the Obligor Liquidity Reserve Account (**Cash**) and (ii) Authorised Investments (including for the purposes of deduction, for the avoidance of doubt, amounts held in the Cure Deposit Account, the Defeasance Accounts, the Lock-Up Accounts and the Sinking Fund Accounts).

The **Historic Cashflow ICR** will be calculated quarterly on each Calculation Date for the immediately following Test Date in respect of the relevant 12 month period ending on (and including) such Test Date (the **Test Period**) (and recalculated quarterly on each Compliance Certificate Date for such Test Date in respect of such Test Period and taking into account any reconciliation payments made in accordance with the CTA as if made on the immediately preceding Interest Payment Date) as the ratio of Actual Cashflow to Actual Finance Costs.

The first Test Date in relation to the Historic Cashflow ICR shall occur on 30 June 2014.

Actual Cashflow means, for any Test Date in respect of the Test Period ending on (and including) such Test Date, the amount determined on the basis of the then most recent Interim Management Report or Management Report (as applicable) which is equal to the consolidated gross cash inflow (excluding all proceeds from the disposal of a Property or Properties (the **Disposal Proceeds**), all proceeds received under the Insurance Policies (other than loss of rent insurance) and all proceeds of a compulsory purchase) from owning and operating activities of the Obligors in respect of the Properties (including, without limitation, Rental

Income and any payments received by any Obligor under any Nomination Agreement) less (without double counting) the consolidated gross cash outflow in respect of:

- (a) Operating Costs (excluding recoverable VAT);
- (b) the Approved Capital Expenditure Amount;
- (c) the fee payable to the Property Manager pursuant to the Property and Asset Management Agreement in respect of asset management services (but excluding, for the avoidance of doubt, any incentives payments to the Property Manager) (the **Property and Asset Management Fee**);
- (d) the fee payable to the Property Manager pursuant to the Property and Asset Management Agreement in respect of cash management services (the **Cash Management Fee**);
- (e) any costs of rectifying or reinstating a Property to which such insurance proceeds apply; and
- (f) any costs associated with the realisation of any proceeds of a compulsory purchase of a Property.

Operating Costs means, for any Test Date in respect of the Test Period ending on (and including) such Test Date or, as applicable, the Projected Test Period commencing on (but excluding) such Test Date, the following costs and expenses incurred (or, in respect of any projected costs or expenses, expected to be incurred) by or on behalf of any Obligor (other than the Borrower) in its ordinary course of business in respect of the Properties (without any double counting) and as confirmed in the most recent Interim Management Report or Management Report (as applicable):

- (a) operating costs and expenses in relation to the Properties (including, without limitation, amounts payable in respect of the day to day upkeep and operation of the Properties, insurance premiums, uniform business rates and council taxes, the cost of acquiring or maintaining any authorisations or consent, the provision of services, utilities costs and staff costs) or by way of administration costs in relation to any Obligor (other than the Borrower) (including VAT chargeable on such costs and expenses); and
- (b) any Maintenance Costs (other than the Approved Capital Expenditure Amount), but excluding:
 - (i) taxes (except for VAT chargeable on such costs and expenses);
 - (ii) depreciation, other non-cash charges, reserves, amortisation of intangibles and similar accounting entries;
 - (iii) the Property and Asset Management Fee;
 - (iv) the Cash Management Fee; and
 - (v) any other payments included or listed in the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities (including all amounts payable by the Obligors to the Obligor Secured Creditors).

Approved Operating Costs means the projected Operating Costs for each Test Period set out in the Interim Management Report or the Management Report (as applicable) for the previous Test Period and determined in accordance with Good Industry Practice.

Adjusted Approved Operating Costs means, in respect of each calendar month, the aggregate of:

- (a) an amount equal to the Approved Operating Costs due in the relevant calendar month;
- (b) an amount equal to any Approved Operating Costs reserved for in previous calendar months but not yet paid; and
- (c) any further amounts that the Management Company considers necessary to pay additional Operating Costs and determined in accordance with Good Industry Practice.

Approved Capital Expenditure Amount means the aggregate amounts projected to be withdrawn from the Sinking Fund Accounts for each Test Period by or on behalf of any Obligor (other than the Borrower) in respect of capital expenditure on the Properties to be funded from amounts standing to the credit of the Sinking Fund Accounts as set out in the Interim Management Report or the Management Report (as applicable) for the previous Test Period and determined in accordance with Good Industry Practice.

Maintenance Costs means any costs incurred by an Obligor in relation to the day to day maintenance, repair and decoration of the Properties (the **Maintenance Capex**) or any capital expenditure other than Maintenance Capex and Approved Capital Expenditure Amounts (the **Enhancement Capex**) (including VAT chargeable on such costs), but shall not include capital expenditure for which a reserve has been made in any Sinking Fund Accounts.

Interim Management Report means, in respect of each Quarter the interim management report prepared by the Property Manager based on the available management accounts and budgeted financial information for the last month of that Quarter setting out, *inter alia*, the Actual Cashflow, the Projected Cashflow, the Actual Finance Costs and the Projected Finance Costs calculations for the Test Period ending at the end of that Quarter, amounts paid into the Sinking Fund Accounts during that Quarter and amounts projected to be withdrawn from the Sinking Fund Accounts in the following Quarter, amounts projected to be payable in respect of Operating Costs in the following Quarter and details of any acquisition or disposal of a Property or Properties during that Quarter which the Borrower is required to supply pursuant to the CTA.

Management Report means the management report prepared by the Property Manager based on the available management accounts setting out, *inter alia*, the Actual Cash flow, the Projected Cashflow, the Actual Finance Costs and the Projected Finance Cost calculations for the Test Period ending at the end of that Quarter, amounts paid into the Sinking Fund Accounts during that Quarter and amounts projected to be withdrawn from the Sinking Fund Accounts in the following Quarter, amounts projected to be payable in respect of Operating Costs in the following Quarter and details of any acquisition or disposal of a Property or Properties during that Quarter which the Borrower is required to supply pursuant to the CTA.

Actual Finance Costs means, for any Test Date in respect of the Test Period ending on (and including) such Test Date, the aggregate of all interest and recurring fees and commissions which have been paid or are payable by the Obligors to the Obligor Secured Creditors under the Obligor Transaction Documents.

The **Projected Cashflow ICR** will be calculated on each Calculation Date for the immediately following Test Date in respect of the relevant 12 month period commencing on (but excluding) such Test Date (the **Projected Test Period**) (and recalculated quarterly on each Compliance Certificate Date for such Test Date in respect of such Projected Test Period and taking into account any reconciliation payments made pursuant to the CTA as if made on the immediately preceding Interest Payment Date) as the ratio of Projected Cashflow to Projected Finance Costs. The first Test Date in relation to the Projected Cashflow ICR shall occur on 30 June 2013.

Projected Cashflow means, for any Test Date in respect of the Projected Test Period commencing on (but excluding) such Test Date, the Borrower's reasonable estimate of the consolidated gross cash inflow (excluding Disposal Proceeds, all proceeds received under the Insurance Policies (other than loss of rent insurance and the proceeds of a compulsory purchase)) from the owning and operating activities of the Obligors in respect of the Properties (including, without limitation, Rental Income and any payments to be received by any Obligor under any Nomination Agreement), less (without double counting) in each case its reasonable estimate of:

- (a) Operating Costs (excluding recoverable VAT);
- (b) the Approved Capital Expenditure Amount;
- (c) the Property and Asset Management Fee;
- (d) the Cash Management Fee;
- (e) any costs of rectifying or reinstating a Property to which such insurance proceeds apply; and
- (f) any costs associated with the realisation of any proceeds of a compulsory purchase of a Property.

The Projected Cashflow shall be calculated by reference to the most recent Interim Management Report or Management Report (as applicable), historic trading and other relevant information including the following assumptions:

- (a) a break clause in any **Lease Documents** (being an occupational lease to which an Obligor's interest in a Property may be subject from time to time, including any Direct Occupational Lease (an **Occupational Lease**), any Management Company Lease, any Lease to any organisation engaged in the provision of public services, including health and law enforcement (an **Institutional Lease**) and any agreement by an Obligor to grant an Institutional Lease of all or part of its interest in a Property (an **Agreement for Lease**)) (other than a Direct Occupational Lease) or in any Nomination Agreement will be deemed to be exercised at the earliest date available to the relevant tenant or counterparty and assuming that the relevant part of the Property the subject of that Lease Document or Nomination Agreement will be re-let (from the date such break takes effect) to the Borrower's reasonable and prudent estimation of the projected occupancy level attained over the previous 12 month period and at a rent at least equal to the then market rent. For the purposes of establishing the market rent to be used in this assumption, the Borrower shall use what, in its reasonable opinion, constitutes market rent; and
- (b) to the extent binding and unconditional Lease Documents (other than a Direct Occupational Lease) or Nomination Agreements have not been entered into, the Borrower may take into account its reasonable and prudent estimation of projected occupancy level.

Projected Finance Costs means, on each Test Date in respect of the Projected Test Period commencing on (but excluding) such Test Date, the aggregate of all interest and recurring fees and commissions which, in the reasonable opinion of the Borrower, will be payable by the Obligors to the Obligor Secured Creditors under the Obligor Transaction Documents.

Reconciliation

If any amount is credited to the General Accounts on the basis of an Interim Compliance Certificate when the Compliance Certificate in respect of the relevant Test Date evidences that such amount should have been credited to the Lock-Up Accounts and/or the Obligor Liquidity Reserve Account or paid to the Issuer by way of Issuer/Borrower Facilities Fee in respect of a credit to the Issuer Liquidity Reserve Account, the Limited Partnerships must transfer such amount to the Lock-Up Accounts and/or the Obligor Liquidity Reserve Account (by way of the payment of an Intra-Group Payment by the Borrower) and the Issuer Liquidity Reserve Account (by way of the payment by the Borrower to the Issuer of the Issuer/Borrower Facilities Fee) (as applicable) as soon as practicable but in any case within two Business Days of the Compliance Certificate Date (the **Reconciliation Covenant**).

Cure Rights

If a Compliance Certificate for any Test Date shows that a Financial Covenant Ratio Breach has occurred, the Limited Partnerships may within 30 days:

- (a) make an Intra-Group Payment in accordance with the Prepayment Principles set out below in an amount at least sufficient to ensure compliance with the Financial Covenant Ratios;
- (b) deposit into the Cure Deposit Accounts an amount sufficient to ensure compliance with the Financial Covenant Ratios (if, in the case of the Historic Cashflow ICR and the Projected Cashflow ICR, recalculated assuming that it has been applied in prepaying Senior Debt pro rata and *pari passu* at the start of the Test Period ending on (and including) such Test Date upon which the Financial Covenant Ratio Breach occurred and, in the case of the Loan to Value Ratio, if recalculated to take account of such deposit as if made on the Test Date upon which the Financial Covenant Ratio Breach occurred (a **Cure Deposit**)); or
- (c) acquire Properties to provide sufficient additional value and/or cashflows to ensure compliance with the Financial Covenant Ratios (if, in the case of the Historic Cashflow ICR and the Projected Cashflow ICR, recalculated to take account of such acquisition as if made at the start of the Test Period ending on (and including) such Test Date and, in the case of the Loan to Value Ratio, if recalculated to take into account such acquisition as if made on such Test Date),

(each of paragraphs (a) to (c) above being a **Cure Right**), provided that if the Obligors have been in breach of the Financial Covenant Ratios on two successive Test Dates without taking into account amounts standing to the credit of the Cure Deposit Accounts pursuant to paragraph (b) above, then on the second such Test Date, such amount standing to the credit of the Cure Deposit Accounts shall be applied in accordance with paragraph (a) above.

If the Obligors have been in compliance with the Financial Covenant Ratios for two successive Test Dates, without taking into account amounts standing to the credit of the Cure Deposit Accounts, and provided that no Financial Covenant Ratio Breach would occur as a result of such payment being made on such Test Date, the amount standing to the credit of the Cure Deposit Accounts shall be released to the Limited Partnerships.

The Obligors may not exercise a Cure Right in respect of two consecutive Test Dates or more than four times in any five year period.

Obligor Liquidity Event

On each Interest Payment Date:

- (a) where the available undrawn amount under the Obligor Liquidity Facility together with any amount then standing to the credit of the Obligor Liquidity Reserve Account and the Obligor Liquidity Standby Account is less than an amount equal to six months' interest payable under the Obligor Facilities (excluding the Issuer/Borrower Facilities) or in the case of any Hedges, scheduled payments thereunder, and taking into account any scheduled payments receivable by the Obligors under any Hedging Agreements during such period, and recurring fees and commissions ranking senior thereto in the applicable Borrower Payment Priorities (excluding by way of Issuer/Borrower Facilities Fee) from the relevant Interest Payment Date (an **Obligor Liquidity Event**); and/or
- (b) where the available undrawn amount under the Issuer Liquidity Facility together with any amount then standing to the credit of the Issuer Liquidity Reserve Account and the Issuer Liquidity Standby Account is less than an amount equal to six months' interest payable on the Notes and recurring fees and commissions of the Issuer ranking senior thereto in the Issuer Payment Priorities from the relevant Interest Payment Date (an **Issuer Liquidity Event**),

the Borrower will pro rata and *pari passu*:

- (a) deposit (on behalf of the Limited Partnerships) into the Obligor Liquidity Reserve Account the lesser of (i) the Obligor Liquidity Event Amount and (ii) an amount equal to the Obligor Liquidity Proportion of 100 per cent. of the surplus amount standing to the credit of the Borrower Account after payment of items (a) to (j) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities or, as applicable, after payment of items (a) to (j) of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities; and/or
- (b) pay to the Issuer by way of Issuer/Borrower Facilities Fee for deposit into the Issuer Liquidity Reserve Account the lesser of (i) the Issuer Liquidity Event Amount and, (ii) an amount equal to the Issuer Liquidity Proportion of 100 per cent. of the surplus amount standing to the credit of the Borrower Account after payment of items (a) to (j) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities or, as applicable, after payment of items (a) to (j) of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities.

The **Obligor Liquidity Event Amount** is an amount equal to six months' interest payable under the Obligor Facilities (excluding the Issuer/Borrower Facilities) or in the case of any Hedging Agreement, scheduled payments by the Obligors thereunder, and taking into account any scheduled payments receivable by the Obligors under any Hedging Agreements during such period and recurring fees and commissions payable by the Borrower or the Limited Partnerships ranking senior thereto in the applicable Borrower Payment Priorities (excluding by way of Issuer/Borrower Facilities Fee) from the relevant Interest Payment Date, less the available undrawn amount under the Obligor Liquidity Facility together with any amount then standing to the credit of the Obligor Liquidity Reserve Account and the Obligor Liquidity Standby Account.

The **Issuer Liquidity Event Amount** is an amount equal to six months' interest payable on the Notes and recurring fees and commissions payable by the Issuer ranking senior thereto in the applicable Issuer Payment Priorities from the relevant Interest Payment Date less the available undrawn amount under the Issuer Liquidity Facility, together with any amount then standing to the credit of the Issuer Liquidity Reserve Account and the Issuer Liquidity Standby Account.

The **Obligor Liquidity Proportion** is the Obligor Liquidity Facility Commitment divided by the sum of the Obligor Liquidity Facility Commitment and the Issuer Liquidity Facility Commitment.

The **Issuer Liquidity Proportion** is the Issuer Liquidity Facility Amount divided by the sum of the Issuer Liquidity Facility Amount and the Obligor Facility Liquidity Amount.

If there is no Obligor Liquidity Event outstanding for two successive Test Dates, without taking into account amounts standing to the credit of the Obligor Liquidity Reserve Account, then the amount standing to the credit of the Obligor Liquidity Reserve Account shall be transferred to the General Accounts.

If there is no Issuer Liquidity Event outstanding for two successive Test Dates, without taking into account amounts standing to the credit of the Issuer Liquidity Reserve Account, then the amount standing to the credit of the Issuer Liquidity Reserve Account shall be transferred to the Issuer Transaction Account and an amount equal to any Issuer/Borrower Facilities Fee paid by the Borrower to the Issuer under the Issuer/Borrower Facilities Agreement to fund such amounts will be transferred by the Issuer to the Borrower by way of rebate of such Issuer/Borrower Facilities Fee.

Amounts standing to the credit of the Obligor Liquidity Reserve Account or the Issuer Liquidity Reserve Account will only be applied to the extent of any shortfall on any Interest Payment Date to meet the items in the applicable Borrower Payment Priorities for which such amounts were drawn (being items (a) to (f) (inclusive) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities and the Borrower Post-Enforcement Pre-Acceleration Payment Priorities (but excluding items (a)(ii), (b)(vi), (d)(iii), (d)(iv), (e)(ii), (f)(i) and (f)(iii)) and items (a) to (e) (inclusive) of the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities) and the Issuer Post-Enforcement Pre-Acceleration Payment Priorities.

Any amounts that have been credited to the Obligor Liquidity Reserve Account on the basis of an interim compliance certificate prepared by the Borrower or on the Borrower's behalf in the form set out in the CTA (the **Interim Compliance Certificate**) when the Compliance Certificate in respect of the relevant Test Date evidences that such payment was not required to have been made shall be transferred to the General Accounts.

Lock-Up Event

If, for any Test Date, the Loan to Value Ratio is greater than 65 per cent. (as calculated for the purposes of the Financial Covenant Ratios above) (a **Lock-Up Event**) an amount equal to 50 per cent. of the surplus amount standing to the credit of the Borrower Account after payment of items (a) to (k) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities shall be paid into the Lock-Up Accounts.

If there is no Lock-Up Event and no Trigger Event outstanding for two consecutive Test Dates, without taking into account amounts standing to the credit of the Lock-Up Accounts, then on the second such Test Date and provided that no Lock-Up Event or other Trigger Event would occur as a result of such payment being made on such Test Date or the Interest Payment Date occurring immediately prior thereto, the amount standing to the credit of the Lock-Up Accounts shall be transferred to the General Accounts. Otherwise, amounts shall remain held in the Lock-Up Accounts to be applied in accordance with the Trigger Event Consequences below.

Trigger Events

The Obligors will be subject to the following trigger events (paragraphs (a) to (f) (inclusive) below, the **Trigger Events**, and paragraphs (a) and (b) below, the **Trigger Event Financial Covenant Ratios**):

- (a) either the Historic Cashflow ICR for the Test Period ending on (and including) any Test Date or the Projected Cashflow ICR for the Projected Test Period commencing on (but

excluding) any Test Date (each as calculated for the purposes of the Financial Covenant Ratios above) is lower than 1.75;

- (b) the Loan to Value Ratio for any Test Date (as calculated for the purposes of the Financial Covenant Ratios above) is greater than 70 per cent.;
- (c) the occurrence of an Obligor Event of Default;
- (d) the Obligor Liquidity Facility or the Issuer Liquidity Facility is drawn (other than a Liquidity Standby Drawing);
- (e) either the sum of six months' interest on the Obligor Facilities (excluding the Issuer/Borrower Facilities) or, in the case of any Hedging Agreement, scheduled payments thereunder by the Obligors, and taking into account any scheduled payments receivable by the Obligors under any Hedging Agreements during such Projected Test Period, and recurring fees and commissions ranking senior thereto in accordance with the relevant Borrower Payment Priorities (other than by way of Issuer/Borrower Facilities Fee) (that are accounted for as interest under UK GAAP), for the Projected Test Period commencing on (but excluding) any Test Date, is more than the sum of amounts available to the Obligors for drawing under the Obligor Liquidity Facility and the balance (if any) on the Obligor Liquidity Standby Account and the Obligor Liquidity Reserve Account (the **Obligor Debt Service Shortfall Test**) or the sum of six months' interest payable by the Issuer on the Notes and recurring fees and commissions ranking senior thereto in the applicable Issuer Payment Priorities for the Projected Test Period commencing on (but excluding) any Test Date is more than the sum of amounts available to the Issuer for drawing under the Issuer Liquidity Facility and the balance (if any) on the Issuer Liquidity Standby Account and the Issuer Liquidity Reserve Account (the **Issuer Debt Service Shortfall Test**); and
- (f) the auditors qualify their report on any audited consolidated (if applicable) financial statements of an Obligor or restate their report on any audited consolidated (if applicable) financial statements of an Obligor as a result of which a Trigger Event Financial Covenant Ratio would be breached if tested on the date of such restatement of the auditor's report.

Trigger Event Consequences

If a Trigger Event occurs and is continuing, the following consequences (the **Trigger Event Consequences**) will apply:

- (a) no Obligor will be permitted to make a Restricted Payment (although this will not require repayment of any Restricted Payment already made in the case of paragraph (f) of the Trigger Events above);
- (b) (other than in the case of the Trigger Event at paragraph (a) above of the Trigger Events above, unless such Trigger Event is continuing for 12 months or more) the Obligor Security Trustee (on the written instructions either (i) of any Qualifying Secured Creditor which by itself or together with any other Qualifying Secured Creditor(s) is owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20 per cent. of the entire Outstanding Principal Amount of all Qualifying Debt (through their Secured Creditor Representatives)) or (ii) of the Obligor Facility Providers comprising Majority Lenders in accordance with the relevant Obligor Facility Agreement (excluding, for the avoidance of doubt, the Liquidity Facilities Agreement) (through their Secured Creditor Representative) may appoint a valuer approved by the Obligors (which approval shall be deemed to be given in the case of any of Jones Lang LaSalle, Knight Frank or Savills (each, a **Pre-Approved Valuer**)) appointed by the Obligor Security

Trustee in accordance with the CTA (the **Independent Valuer**) at the cost of the Obligor;

- (c) provided that the Trigger Event is continuing for 12 months or more, the Obligor Security Trustee (on the written instructions of either (i) any Qualifying Secured Creditor which by itself or together with any other Qualifying Secured Creditor(s) is owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20 per cent. of the entire Outstanding Principal Amount of all Qualifying Debt (through their Secured Creditor Representatives) or (ii) the Obligor Facility Providers comprising Majority Lenders in accordance with the relevant Obligor Facility Agreement (excluding, for the avoidance of doubt, the Liquidity Facilities Agreement) (through their Secured Creditor Representative)) shall have the ability to appoint an independent property adviser in accordance with the CTA (the **Property Advisor**) to review the annual business plan and leasing strategy proposed by the Obligors in consultation with the Property Manager and the relevant Management Company (the **Business Plan**) and highlight any material objections and/or issues to the Obligors and the Obligor Security Trustee and make recommendations for any changes to the Property Portfolio including any acquisitions, disposals or developments. The Obligor Security Trustee will receive any such information from the Property Advisor for information only and shall not be required to take any action in respect of such information. If any of the Obligors propose to dispose, acquire or undertake Enhancement Capex in relation to any of the Properties after the appointment of the Property Advisor other than in accordance with its recommendations, it shall advise the Property Advisor in advance of such proposal and seek its approval or objection to such proposal. The Obligors shall not act contrary to the recommendations of the Property Advisor in relation to the Business Plan or any other disposal, acquisition or Enhancement Capex without the approval of the Property Advisor or the prior consent of the Obligor Security Trustee (to be given on the written instructions of either (i) any Qualifying Secured Creditor which by itself or together with any other Qualifying Secured Creditor(s) is owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20 per cent. of the entire Outstanding Principal Amount of all Qualifying Debt (through their Secured Creditor Representatives) or (ii) the Obligor Facility Providers comprising Majority Lenders in accordance with the relevant Obligor Facility Agreement (excluding, for the avoidance of doubt, the Liquidity Facilities Agreement) (through their Secured Creditor Representative);
- (d) (in the event that one or more Trigger Events (other than an RCF Prepayment Event) have occurred and have been continuing for 18 months or more and for so long as any Senior Debt remains outstanding, the Limited Partnerships and/or the Borrower (as applicable) shall on each Interest Payment Date thereafter that such Trigger Event is continuing apply all amounts (and, on any Interest Payment Date prior thereto that an RCF Prepayment Event has occurred and is continuing, apply the RCF Allocation of such amounts) then standing to the credit of the Lock-Up Accounts (together with any deposit otherwise thereto pursuant to paragraph (e) below in accordance with the Prepayment Principles set out below); and
- (e) an amount equal to 100 per cent. of the surplus amount standing to the credit of the Borrower Account on each Interest Payment Date after payment of items (a) to (l) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities or after payment of items (a) to (k) of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities shall be paid into the Lock-Up Accounts or, if paragraph (d) above applies, together with such amounts to be applied in accordance with the Prepayment Principles.

RCF Remedial Plan

A **RCF Prepayment Event** will occur if a non-payment Obligor Event of Default has occurred under the CTA in respect of the payment of interest, principal and/or any other amounts under

the Revolving Credit Facility (including, for the avoidance of doubt, following a Material Adverse Change Prepayment Event or a Change of Control Prepayment Event) and such Obligor Event of Default has not been waived by the RCF Providers in accordance with the Revolving Credit Facility Agreement.

In such case (where, if such RCF Prepayment Event is also a Trigger Event, no other Trigger Event has occurred and is continuing), the Borrower shall provide the Obligor Security Trustee, the RCF Provider(s) and the other Secured Creditor Representatives with a plan (a **RCF Remedial Plan**) for the Obligors to receive new Subordinated Debt or equity and/or to dispose of Properties to realise Net Disposal Proceeds sufficient to repay the Revolving Credit Facility in full within 12 months of the occurrence of the RCF Prepayment Event. The Obligor Security Trustee will receive any such RCF Remedial Plan for information only and shall not be required to take any action in relation to such information. If the RCF Remedial Plan is not provided within 30 Business Days of the occurrence of the RCF Prepayment Event or, if so provided, is not adhered to by the relevant Obligors, the Borrower shall promptly appoint a suitably experienced third-party agent (with the prior written consent of the Property Advisor) or, if not appointed, within 30 Business Days of the failure to deliver or comply with the RCF Remedial Plan, the RCF Agent (for and on behalf of the RCF Provider(s)) shall appoint such agent on behalf of the Borrower to dispose of the Properties identified in the RCF Remedial Plan or, if no RCF Remedial Plan has been delivered which meets the requirements set out above, such Properties as identified by the RCF Agent on behalf of the RCF Providers.

For so long as an RCF Prepayment Event has occurred and is continuing and (if such RCF Prepayment Event is also a Trigger Event) no other Trigger Event has occurred and is continuing, the Limited Partnerships shall apply the Net Disposal Proceeds of the disposal of a Property in accordance with the RCF Remedial Plan and all amounts then standing to the credit of the Disposal Proceeds Account and the RCF Allocation of amounts then standing to the credit of the Lock-Up Accounts and the Cure Deposit Accounts on each Interest Payment Date that the relevant RCF Loans remain outstanding in prepayment and cancellation of the Revolving Credit Facility (together with accrued interest and any related break costs) in accordance with the Prepayment Principles set out below.

Restricted Payments

No Obligor shall declare or pay any dividends or interest on unpaid dividends or distributions, fees or expenses in the nature of or intended to act as a distribution to any of its shareholders or partners or make any payments in respect of any Financial Indebtedness incurred by the Obligors that ranks subordinate to the Senior Debt under the terms of the STID (the **Subordinated Debt**) owed to any of its shareholders or partners in that capacity or the making of any Restricted Loan (the **Restricted Payments**) unless: (i) a Compliance Certificate has been provided showing no breach of the Trigger Event Financial Covenant Ratios in respect of the most recent Test Date; (ii) no Obligor Event of Default is continuing or would occur as a result thereof; (iii) no other Trigger Event is continuing or would occur as a result thereof; and (iv) payment is made only from amounts standing to the credit of the General Accounts (the **Distributions Covenant**) (the **Restricted Payment Covenant**).

Please see paragraph (a) of "*Trigger Event Consequences*" above.

Prepayment Principles

Prepayment prior to RCF Prepayment Event and/or Trigger Event

1. Unless an RCF Prepayment Event and/or a Trigger Event has occurred and is continuing and prior to the delivery of an Obligor Enforcement Notice and/or Obligor Acceleration Notice:

- (a) subject to sub-paragraph (c) below, each of the Limited Partnerships shall on each relevant Interest Payment Date make an Intra-Group Payment to the Borrower (in the case of sub-paragraphs (a)(i)(B), (ii) and (a)(iii)(B) below) and may make an Intra-Group Payment to the Borrower (in the case of sub-paragraphs (a)(i)(A) and (a)(iii)(A) below) on any Interest Payment Date by transfer to the Borrower Account of the following amounts deposited into its Disposal Proceeds Account (together, the **Proceeds**):
 - (i) the Relevant Amount from the proceeds of a disposal of a Property or any part of a Property deposited into its Disposal Proceeds Account in accordance with the CTA:
 - (A) that is not required to be applied in accordance with sub-paragraph (a)(i)(B) below; or
 - (B) that has not been applied towards an acquisition of a Property in accordance with the CTA within 12 months of deposit into the relevant Disposal Proceeds Account;
 - (ii) the proceeds of a compulsory purchase (including any compensation and damages received from any use disturbance and blight) of a Property or any part of a Property deposited into its Disposal Proceeds Account in accordance with the CTA; and
 - (iii) the proceeds (other than from loss of rent insurance) received under the Insurance Policies deposited into its Disposal Proceeds Account in accordance with the CTA:
 - (A) that is not required to be applied in accordance with sub-paragraph (a)(iii)(B) below; or
 - (B) that has not been applied in reinstatement of the relevant Property or Properties within three years of deposit into the relevant Disposal Proceeds Account;
- (b) each of the Limited Partnerships shall on each relevant Interest Payment Date make an Intra-Group Payment to the Borrower using amounts standing to the credit of its Cure Deposit Account if there has been a breach of the Financial Covenant Ratios for two successive Test Dates;
- (c) each of the Limited Partnerships may elect on each relevant Interest Payment Date referred to in sub-paragraph 1(a) above to credit the Proceeds otherwise to be applied in accordance therewith to its Defeasance Account in respect of any Issuer/Borrower Loan corresponding to Fixed Rate Notes which would otherwise at the discretion of the Borrower be applied in accordance with paragraph 2(b) below after making an Intra-Group Payment to the Borrower on that Interest Payment Date an amount sufficient to enable the Borrower:
 - (i) to prepay (on behalf of the Limited Partnerships) the Obligor Liquidity Facility (if drawn) (together with accrued interest and any related break costs) and to pay the Issuer/Borrower Facilities Fee sufficient to enable the Issuer to prepay the Issuer Liquidity Facility (if drawn) (together with accrued interest and any related break costs); and
 - (ii) to prepay (on behalf of the Limited Partnerships) the Revolving Credit Facility in such amount sufficient to ensure that, as a result of such

election by the Limited Partnerships and prepayment by the Borrower (on behalf of the Limited Partnerships), the Revolving Credit Facility does not exceed 25 per cent. of the aggregate Outstanding Principal Amount of all Senior Debt (excluding, for this purpose, the Obligor Liquidity Facility and any Issuer/Borrower Loans in respect of which amounts are held in the Defeasance Accounts).

2. The Borrower shall, on the Interest Payment Date referred to in paragraph 1 above, apply any Intra-Group Payment received from the Limited Partnerships pursuant to paragraph 1 above, first, pro rata and *pari passu*, in prepayment (on behalf of the Limited Partnerships) of the Obligor Liquidity Facility (if drawn) (together with accrued interest and any related break costs) and to pay the Issuer/Borrower Facilities Fee sufficient to enable the Issuer to prepay the Issuer Liquidity Facility (if drawn) (together with accrued interest and any related break costs) and then, in accordance with one or more of sub-paragraphs (a) to (d) below, at its discretion (except, in the case of any amounts referred to in Paragraph 1(b) above, which shall be applied pro rata in accordance with sub-paragraph (a), sub-paragraphs (b) and/or (d) (and taking into account any deposit made to the Defeasance Accounts in lieu of such prepayment or tender offer) and sub-paragraph (c) below and, in the case of any amounts required to comply with the proviso in sub-paragraph (i) below, which shall be applied in accordance with sub-paragraph (a) below only), in:

- (a) prepayment and cancellation of the Revolving Credit Facility (together with accrued interest and any related break costs) (on behalf of the Limited Partnerships);
- (b) prepayment and cancellation of any Issuer/Borrower Facility (together with accrued interest and any Repayment Costs and other amounts payable by the Borrower to the Issuer);
- (c) prepayment and cancellation of any PF Facility (together with accrued interest and any related break costs) (on behalf of the Limited Partnerships); and/or
- (d) making a tender offer for the Notes (and paying any related fees to the Noteholders), provided that if insufficient Noteholders participate in such tender offer within 45 Business Days of such tender offer, the remaining amounts shall be applied, at its discretion, in accordance with sub-paragraphs (a) to (c) above on the next Interest Payment Date,

and provided further that:

- (i) the Outstanding Principal Amount of the Revolving Credit Facility shall not as a result of any such discretionary prepayment or tender offer at any time exceed 25 per cent. of the aggregate Outstanding Principal Amount of all Senior Debt (excluding, for this purpose, the Obligor Liquidity Facility and any Issuer/Borrower Loans in respect of which amounts are held in the Defeasance Accounts);
- (ii) in the case of a tender offer for the Notes, the offer must be for a minimum amount of £10,000,000; and
- (iii) in each other case, such prepayment is in accordance with the terms of the relevant Obligor Facility Agreement.

Prepayment following RCF Prepayment Event

1. At any time an RCF Prepayment Event has occurred and is continuing and (if such RCF Prepayment Event is also a Trigger Event) no other Trigger Event has occurred and is continuing and prior to the delivery of an Obligor Enforcement Notice and/or Obligor Acceleration Notice, the Limited Partnerships shall, on the Interest Payment Date on which such RCF Prepayment Event occurs (or, if such RCF Prepayment Event has occurred on a date other than an Interest Payment Date, on the next Interest Payment Date) and on each Interest Payment Date thereafter whilst the relevant RCF Loans remain outstanding make an Intra-Group Payment to the Borrower by transfer to the Borrower of:
 - (a) any amounts then standing to the credit of the Disposal Proceeds Accounts and/or any Net Disposal Proceeds of the disposal of a Property in accordance with the RCF Remedial Plan;
 - (b) the RCF Allocation of amounts then standing to the credit of the Lock-Up Accounts; and
 - (c) the RCF Allocation of amounts then standing to the credit of the Cure Deposit Accounts if there has been a breach of the Financial Covenants Ratios for two consecutive Test Dates.
2. The Borrower shall on each such Interest Payment Date apply any Intra-Group Payment received from the Limited Partnerships pursuant to paragraph 1 above:-
 - (a) first, pro rata and *pari passu*, in (i) prepaying (on behalf of the Limited Partnerships) the Obligor Liquidity Facility (if drawn) (and paying accrued interest and any related break costs) and (ii) paying the Issuer/Borrower Facilities Fee to enable the Issuer to prepay the Issuer Liquidity Facility (if drawn) (and pay accrued interest and any related break costs); and
 - (b) second, in prepaying and cancelling the relevant RCF Loans (and paying accrued interest and any related break costs) (on behalf of the Limited Partnerships).

Prepayment following Trigger Event other than RCF Prepayment Event

1. If at any time one or more Trigger Events has occurred and is continuing (in the circumstances where an RCF Prepayment Event is not the only such Trigger Event or no RCF Prepayment Event has occurred and is continuing) and prior to the delivery of an Obligor Enforcement Notice and/or Obligor Acceleration Notice, the Limited Partnerships shall, on the Interest Payment Date on which such Trigger Event occurs (or, if such Trigger Event has occurred on a date other than an Interest Payment Date, on the next Interest Payment Date) and on each Interest Payment Date thereafter whilst such Trigger Event is continuing, (subject as provided in paragraph (c)(ii) below, when such Intra-Group Payment will be made to the Borrower when such retained amounts are in excess of the amount specified therein) make an Intra-Group Payment to the Borrower by transfer to the Borrower Account of an amount up to that required to prepay and cancel the Obligor Facilities in full in accordance with paragraph 2 below using:
 - (a) the Proceeds which the Limited Partnerships would otherwise be required to use to make an Intra-Group Payment in accordance with sub-paragraphs (a)(i)(B), (a)(ii), and (a)(iii)(B) of "*Prepayment prior to RCF Prepayment Event and/or Trigger Event*" above (but, for avoidance of doubt, excluding any amounts which

the Limited Partnerships may, but would otherwise not then be required to make an Intra-Group Payment to the Borrower in accordance with sub-Paragraphs (a)(i)(A) and (a)(iii)(A) of "*Prepayment prior to RCF Prepayment Event and/or Trigger Event*" above);

- (b) if an RCF Prepayment Event which is continuing occurred prior to any such Trigger Event having occurred, any Net Disposal Proceeds of the disposal of a Property in accordance with the RCF Remedial Plan;
 - (c) (i) if any one of such Trigger Events has been continuing for 18 months or more, any amounts standing to the credit of the Lock-Up Accounts and (ii) prior thereto if an RCF Prepayment Event has occurred and is continuing, the RCF Allocation of amounts then standing to the credit of the Lock-Up Accounts and/or the RCF Allocation of amounts then standing to the credit of the Cure Deposits Accounts if there has been a breach of the Financial Covenant Ratios for two successive Test Dates.
2. The Borrower shall on each such Interest Payment Date apply any Intra-Group Payment received from the Limited Partnerships pursuant to Paragraph 1 above:
- (a) first, pro rata and *pari passu*, (i) in prepayment (on behalf of the Limited Partnerships) of the Obligor Liquidity Facility (if drawn) (and payment of accrued interest and related break costs) and (ii) to pay the Issuer/Borrower Facilities Fee to enable the Issuer to prepay the Issuer Liquidity Facility (if drawn) (and pay accrued interest and related break costs); and
 - (b) second, pro rata and *pari passu*, in prepayment and cancellation of the Obligor Facilities (other than the Issuer/Borrower Facilities) (and payment of accrued interest and related break costs) (on behalf of the Limited Partnerships) and making a tender offer for the Notes (and paying any related fees to the Noteholders), provided that:
 - (i) any such amounts received from the Limited Partnerships (1) using any Net Disposal Proceeds of the disposal of a Property in accordance with the RCF Remedial Plan and (2) the RCF Allocation of amounts then standing to the credit of the Lock-Up Accounts prior to the Trigger Event having been continuing for 18 months or more and (3) the RCF Allocation of amounts then standing to the credit of the Cure Deposit Accounts if there has been a breach of the Financial Covenant Ratios for two consecutive Test Dates prior to the Trigger Event having been continuing for 18 months or more shall be applied on that Interest Payment Date after application in accordance with sub-paragraph (a) above solely in prepaying and cancelling the RCF Loans that have become due and payable (and paying accrued interest and related break costs) (on behalf of the Limited Partnerships) and such prepayment shall be taken into account for the purposes of determining the pro rata prepayment in accordance with this sub-paragraph (b) on any subsequent Interest Payment Date; and
 - (ii) the amount to make such tender offer is in excess of £10,000,000 and otherwise such amount shall be retained by the Limited Partnership in the Defeasance Accounts for the purpose of making an Intra-Group Payment for such purpose at such time as such retained amounts are together in excess of £10,000,000.

3. In the event that insufficient holders of the Notes participate in such tender offer within 45 Business Days, the remaining amounts shall be applied on the next Interest Payment Date in prepaying the Issuer/Borrower Loans (and paying accrued interest and any Repayment Costs and other amounts payable by the Borrower to the Issuer) and/or in making a deposit into the Defeasance Account in respect of the Issuer/Borrower Loans corresponding to Fixed Rate Notes (such amounts deposited into the Defeasance Accounts, **Unused Tender Amount**).

Prepayment following Obligor Enforcement Notice

1. On each Interest Payment Date following the delivery of an Obligor Enforcement Notice but prior to the delivery of an Obligor Acceleration Notice, the Limited Partnerships shall make an Intra-Group Payment to the Borrower by transfer to the Borrower Account to the Borrower by transfer to the Borrower Account in an amount up to that required to prepay and cancel the Obligor Facilities in full in accordance with Paragraph 2 below using all amounts then standing to the credit of the Disposal Proceeds Accounts, the Lock-Up Accounts and the Cure Deposit Accounts.
2. The Borrower shall on each such Interest Payment Date apply any Intra-Group Payment received from the Limited Partnerships pursuant to paragraph 1:
 - (i) first, pro rata and *pari passu*, (i) in prepayment of the Obligor Liquidity Facility (if drawn) (and payment of accrued interest and related break costs) (on behalf of the Limited Partnerships) and (ii) to pay the Issuer/Borrower Facilities Fee to enable the Issuer to prepay the Issuer Liquidity Facility (if drawn) (and pay accrued interest and related break costs); and
 - (ii) second, pro rata and *pari passu*, in prepaying and cancelling the Obligor Facilities (on behalf of the Limited Partnerships (other than the Issuer/Borrower Facility) (and paying accrued interest and related break costs (on behalf of the Limited Partnerships) (or Repayment Costs and other amounts payable by the Borrower to the Issuer in respect of any Issuer/Borrower Facility)).

Amounts credited to Defeasance Accounts

Prior to the delivery of an Obligor Acceleration Notice, the Limited Partnerships may, at their discretion, use amounts credited to the Defeasance Accounts in accordance with "*Prepayment prior to RCF Prepayment Event and/or Trigger Event*" above and/or "*Prepayment following Trigger Event*" (Payment following Trigger Event other than RCF Payment Event) above or "*Voluntary Prepayment and Payment*" below on any Interest Payment Date to:

- (a) make an Intra-Group Payment to the Borrower by transfer to the Borrower Account for the purpose of the Borrower on that Interest Payment Date prepaying the relevant Issuer/Borrower Loan (together with accrued interest and any Repayment Costs and other amounts payable by the Borrower to the Issuer); and/or
- (b) to make purchases of Notes corresponding to the relevant Issuer/Borrower Loan or to make an Intra-Group Payment to the Borrower for the purpose of the Borrower making purchases of the Notes corresponding to the relevant Issuer/Borrower Loan, provided that if a Trigger Event has occurred and is continuing, the purchase price payable by the Limited Partnerships or the Borrower (as applicable) for such Notes must not exceed the Redemption Amount which would apply if such Notes were redeemed by the Issuer using a prepayment by the Borrower of an equivalent notional amount of the corresponding Issuer/Borrower Loan plus accrued interest and any Repayment Costs and other amounts payable by the Borrower to the Issuer.

Prepayment of Relevant Liquidity Standby Drawing

On each Interest Payment Date that a Relevant Obligor Liquidity Standby Drawing and/or a Relevant Issuer Liquidity Standby Drawing remains outstanding prior to the delivery of an Obligor Acceleration Notice, the Borrower shall apply the amount standing to the credit of the Borrower Account following application of items (a) to (f) (inclusive) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities or items (a) to (f) (inclusive) of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities (as applicable), pro rata and *pari passu* according to the respective amounts thereof, by making an Intra-Group Payment by transfer from the Borrower Account in prepayment (on behalf of the Limited Partnerships) of each Relevant Obligor Liquidity Standby Drawing (together with accrued interest and related break costs) and to pay the Issuer/Borrower Facilities Fee to enable the Issuer to prepay each such Relevant Issuer Liquidity Standby Drawing (together with accrued interest and related break costs). Upon such payment, the Limited Partnerships (or the Obligor Cash Manager on their behalf) shall transfer an equivalent amount from the Obligor Liquidity Standby Account to the Obligor Liquidity Reserve Account or (as applicable) the Issuer (or the Issuer Cash Manager on its behalf) shall transfer an equivalent amount from the Issuer Liquidity Standby Account to the Issuer Liquidity Reserve Account.

Voluntary prepayment and payment

1. If the Borrower receives either a voluntary prepayment of an Intra-Group Loan or an Intra-Group Payment from a Limited Partnership by transfer to the Borrower Account (whether the Limited Partnership funds such amount by way of equity or under a Subordinated Loan or otherwise) or amounts by way of equity or Subordinated Loans or otherwise for the purpose of making a voluntary prepayment of:

- (a) an RCF Loan pursuant to the voluntary prepayment provisions of the Revolving Credit Facility Agreement (on behalf of the Limited Partnerships);
- (b) an Issuer/Borrower Loan pursuant to the voluntary prepayment provisions of the Issuer/Borrower Facilities Agreement; and/or
- (c) a PF Loan pursuant to the voluntary prepayment provisions of any Permitted Facility Agreement (on behalf of the Limited Partnerships),

the Borrower will apply such amounts:

- (i) first, pro rata and *pari passu*, (A) in prepayment of the Obligor Liquidity Facility (if drawn) (together with accrued interest and any related break costs) (on behalf of the Limited Partnerships) and (B) to pay the Issuer/Borrower Facilities Fee to enable the Issuer to prepay the Issuer Liquidity Facility (if drawn) (together with accrued interest and any related break costs); and
- (ii) second, towards such voluntary prepayment (together with accrued interest and any related break costs or Repayment Costs and other amounts payable by the Borrower to the Issuer in respect of any Issuer/Borrower Facility) (on behalf of the Limited Partnerships in respect of the Revolving Credit Facility Agreement and any Permitted Facility) in accordance with the terms of the relevant Obligor Facility Agreement, provided that the Outstanding Principal Amount of the Revolving Credit Facility shall not as a result of such voluntary prepayment exceed 25 per cent. of the aggregate Outstanding Principal Amount of all Senior Debt, , (excluding for this purpose, the Obligor Liquidity Facility and any Issuer/Borrower Loans in respect of which amounts are held in the Defeasance Accounts).

2. If the Limited Partnerships wish to make a voluntary prepayment of:
- (a) an RCF Loan pursuant to the voluntary prepayment provisions of the Revolving Credit Facility Agreement; and/or
 - (b) a PF Loan pursuant to the voluntary prepayment provisions of any Permitted Facility Agreement,

the Limited Partnerships will apply such amounts (whether funded by way or equity or under a Subordinated Loan or otherwise):

- (i) first, pro rata and pari passu, (A) in prepayment of the Obligor Liquidity Facility (if drawn) (together with accrued interest and any related break costs) (on behalf of the Limited Partnerships) and (B) to pay the Issuer/Borrower Facilities Fee to enable the Issuer to prepay the Issuer Liquidity Facility (if drawn) (together with accrued interest and any related break costs); and
 - (ii) second, towards such voluntary prepayment (together with accrued interest and any related break costs) in accordance with the terms of the relevant Obligor Facility Agreement, provided that the Outstanding Principal Amount of the Revolving Credit Facility shall not as a result of such voluntary prepayment exceed 25 per cent. of the aggregate Outstanding Principal Amount of all Senior Debt excluding, for this purpose the Obligor Liquidity Facility and any Issuer/Borrower Loans in respect of which amounts are held in the Defeasance Accounts).
3. The Limited Partnerships may on any Interest Payment Date, in lieu of making a voluntary prepayment of an Intra-Group Loan or an Intra-Group Payment to the Borrower to be applied by the Borrower to voluntarily prepay the relevant Issuer/Borrower Loan corresponding to Fixed Rate Notes pursuant to the voluntary prepayment provisions of the Issuer/Borrower Facilities Agreement, elect to credit such amount to its Defeasance Account, provided that the aggregate Outstanding Principal Amount of the Revolving Credit Facility shall not as a result of such credit exceed 25 per cent. of the aggregate Outstanding Principal Amount of all Senior Debt (excluding, for this purpose, the Obligor Liquidity Facility and any Issuer/Borrower Loans in respect of which amounts are held in the Defeasance Account).

Prepayment for illegality or taxation or increased costs

If a prepayment event occurs under:

- (a) the Revolving Credit Facility Agreement, for illegality or as a result of the Limited Partnerships being required to increase payments for tax and/or as a result of any RCF Provider claiming indemnification from the Limited Partnerships for tax or increased costs;
- (b) the Liquidity Facilities Agreement, for illegality or as a result of the Limited Partnerships being required to increase payments for tax and/or as a result of the LF Provider claiming indemnification from the Limited Partnerships for tax or increased costs;
- (c) the Issuer/Borrower Facilities Agreement (or under the Intra-Group Agreement), as a consequence of the Borrower (or any other Obligor) being required to increase payments to the Issuer (or, in respect of the corresponding Intra-Group Loan, to the Borrower) in respect of that Issuer/Borrower Loan (or, in the case of any other Obligor, that Intra-Group Loan) as a result of the imposition of a requirement to deduct or withhold tax from such payments or for illegality and/or pursuant to the mandatory

prepayment provisions corresponding to the redemption provisions of the Notes for taxation reasons or illegality; and/or

- (d) any Permitted Facility Agreement for illegality and/or tax and/ or increased costs, then:
 - (i) the Borrower will apply (on behalf of the Limited Partnerships in respect of prepayment under the Revolving Credit Facility Agreement or the Permitted Facility Agreement) the amounts received by the Borrower from any of the Limited Partnerships by way of Intra-Group Payment (whether funded by way or equity or under a Subordinated Loan or otherwise) towards such prepayment; or
 - (ii) the Limited Partnerships will prepay, (together with accrued interest and any break costs or Repayment Costs and other amounts payable by the Borrower to the Issuer in respect of any Issuer/Borrower Loan) the available amounts (whether funded by way or equity or under a Subordinated Loan or otherwise) in accordance with the terms of the relevant Obligor Facility Agreement.

Financial Indebtedness

Financial Indebtedness means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (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 generally accepted accounting principles applicable to the Obligor concerned, 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) 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, including only the mark-to-market value which has become payable);
- (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 of any liability under an advance or deferred purchase agreement if the entry into the agreement is primarily a method of raising finance;
- (j) any agreement or option to re-acquire an asset if the entry into the agreement or option is primarily a method of raising 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, but excluding any indebtedness owed by an Obligor and to another Obligor.

No Obligor shall:

- (a) permit any Financial Indebtedness to be outstanding to it by, or to make any other form of credit available to, any person;
- (b) incur or have outstanding any Financial Indebtedness to any affiliate of an Obligor; or
- (c) incur or have outstanding any Financial Indebtedness to any other person; or
- (d) pay or discharge or receive (including, without limitation, by way of set-off or combination of accounts), or grant or benefit from any guarantee, indemnity, bond, letter of credit or similar assurance against financial loss in support of, any Financial Indebtedness owed by it or any other person,

except for any Permitted Financial Indebtedness (the **Financial Indebtedness Covenant**).

Permitted Financial Indebtedness means Financial Indebtedness owed by or to any Obligor:

- (a) incurred by the Borrower under the Issuer/Borrower Facility or the General Partners (for and on behalf of their respective Limited Partnerships) under the Obligor Liquidity Facility or the Revolving Credit Facility made available on the Closing Date (including, for the avoidance of doubt, any drawings on or following the Closing Date);
- (b) incurred by the Borrower or the General Partners (for and on behalf of their respective Limited Partnerships) to refinance the Financial Indebtedness referred to in paragraph (a) above on similar terms;
- (c) incurred by the Borrower, the General Partners (for and on behalf of their respective Limited Partnerships) and/or the other Obligors pursuant to the Intra-Group Agreement;
- (d) incurred by the Borrower or the General Partners (for and on behalf of their respective Limited Partnerships) under any Hedge entered into after the Closing Date as permitted or contemplated by the CTA provided that the then current ratings of the Notes at that time outstanding will not be adversely affected by the entry into such Hedge (as confirmed by the Rating Agencies (in writing in the case of S&P) or, in the case of any Rating Agency other than S&P, only where any of the Rating Agencies is unwilling to provide such confirmation for any reason other than related to the rating itself, as certified by the Borrower after it has notified the relevant Rating Agency of the proposed Hedge and made all reasonable enquiries with the relevant Rating Agency or otherwise and provided evidence to the Obligor Security Trustee to support such certification);
- (e) incurred by the Borrower under any Issuer/Borrower Facility or any of the General Partners (for and on behalf of their respective Limited Partnerships) under any other Permitted Facility made available after the Closing Date or as a result of an increase in any Issuer/Borrower Facility, the Revolving Credit Facility, the Obligor Liquidity Facility or any Permitted Facility from the amount available thereunder as at the Closing Date or subsequent date that it was entered into, provided that:
 - (i) the then current ratings of the Notes will not be adversely affected by the incurrence of such Financial Indebtedness (as confirmed by the Rating Agencies (in writing in the case of S&P) or, in the case of any Rating Agency other than S&P, only where any of the Rating Agencies is unwilling to provide such confirmation for any reason other than related to the rating itself, as certified by the Borrower after it has notified the relevant Rating Agency of the proposed incurrence of such Financial Indebtedness and made all reasonable enquiries

- with the relevant Rating Agency or otherwise and provided evidence to the Obligor Security Trustee to support such certification);
- (ii) no Trigger Event has occurred and is continuing or would result from such Financial Indebtedness being incurred;
 - (iii) no Obligor Event of Default has occurred and is continuing or would result from such Financial Indebtedness being incurred;
 - (iv) the provider of such Financial Indebtedness if not already party thereto has acceded to the CTA, the STID and the MDA;
 - (v) such Financial Indebtedness ranks *pari passu* or subordinated to the then existing Senior Debt;
 - (vi) the Loan to Value Ratio immediately after the incurrence of such Financial Indebtedness is less than or equal to 55 per cent. (calculated assuming such Financial Indebtedness had been incurred on the immediately preceding Test Date);
 - (vii) the Projected Cashflow ICR immediately after the incurrence of such Financial Indebtedness is greater than or equal to 2.00 (calculated assuming such Financial Indebtedness had been incurred at the start of the then current Test Period);
 - (viii) the Property Portfolio Criteria are satisfied in the case of any Property which an Obligor acquires or proposes to acquire in accordance with the CTA (the **Incoming Properties**) in connection with the incurrence of such Financial Indebtedness;
 - (ix) the Incoming Property Criteria are satisfied in the case of any Incoming Properties in connection with the incurrence of such Financial Indebtedness;
 - (x) the Obligor Facility Provider(s) comprising Majority Lenders in accordance with the relevant Obligor Facility Agreement (where applicable, acting through the RCF Agent or any PF Agent) have provided their prior written consent in respect of any Entrenched Rights affected by the incurrence of such Financial Indebtedness;
 - (xi) such Financial Indebtedness is denominated in sterling;
 - (xii) such Financial Indebtedness carries an interest rate, coupon or equivalent repayment provision based upon a fixed percentage rate or (subject, if required, to an appropriate Hedge being entered into by the Borrower or the relevant General Partner (for and on behalf of its respective Limited Partnership)) floating rate calculated by reference to a nationally recognised fluctuating rate or index-linked rate; and
 - (xiii) such Financial Indebtedness incurred by the Borrower will be on-lent to the Limited Partnerships under the Intra-Group Agreement;
- (f) incurred under a Management Company Lease or the Property and Asset Management Agreement;
 - (g) incurred under: (i) the terms made by the original owner of a Property or Properties in respect of the consideration for the sale of a Property or Properties and subordinated

under the terms of the STID (the **Vendor Loans**); (ii) each loan made by a member of the UNITE Group, an Existing Subsidiary or a USAF Entity to an Obligor (other than the Borrower) in respect of the consideration for the sale of a Property or Properties and subordinated under the terms of the STID (the **Acquisition Loans**); (iii) the loans made by a Limited Partner to an Obligor (other than the Borrower) and subordinated under the terms of the STID (the **Limited Partner Loans**; (iv) any other loan made by a Subordinated Creditor to an Obligor and subordinated to the Senior Debt under the terms of the STID, together, the **Subordinated Loans**;

- (h) where the Financial Indebtedness is incurred primarily as a means to finance the acquisition of an asset (including fixtures and fittings, but excluding real property) and does not, when aggregated with any such other Financial Indebtedness under this paragraph (h) exceed £10,000,000;
- (i) that arises as a credit to a tenant, or arrears owed by a tenant, in the ordinary course of any Obligor's business;
- (j) under any Restricted Loan; or
- (k) is incurred (other than by the Borrower) in respect of trade credit in the ordinary course of trading,

provided (in each case) that (A) the Issuer/Borrower Loans constitute more than 50 per cent. by value of the total Financial Indebtedness owed by the Borrower immediately after the incurrence of any Financial Indebtedness by the Borrower and (B) the Issuer/Borrower Loans constitute more than 50 per cent. by value of the total Senior Debt after the incurrence of such Financial Indebtedness by the Borrower or the relevant General Partner.

The Obligors will pay any Financial Indebtedness referred to in paragraph (h) and paragraph (k) above when due and payable in accordance with the respective terms thereof, unless any amount outstanding is being contested in good faith by appropriate means.

For these purposes, **USAF Entity** means USAF No.6 Limited Partnership, USAF No.11 Limited Partnership or any other limited partnership registered as a limited partnership under the Limited Partnerships Act 1907 in which USAF has the majority partnership interest or any of their general partners or nominees holding legal title to any properties on trust for any of them.

Acquisitions

No Obligor may acquire or make any investment in any property or assets outside of the Obligor Group unless the relevant Obligor gives a certificate in the form scheduled to the CTA (an **Acquisition Certificate**) confirming the conditions set below (the **Acquisition Conditions**) are satisfied:

- (a) the Property Portfolio Criteria are satisfied following such acquisition;
- (b) the Incoming Property Criteria are satisfied in respect of such acquisition;
- (c) the Loan to Value Ratio immediately following such acquisition is equal to or lower than the Loan to Value Ratio immediately prior to such acquisition;
- (d) the Projected Cashflow ICR immediately following such acquisition is no greater than 0.1 less than the Projected Cashflow ICR (as applicable) immediately prior to such acquisition;
- (e) such acquisition is made in the ordinary course of business and on arm's length terms;

- (f) certain additional conditions precedent specified in the CTA are satisfied;
- (g) no Obligor Event of Default has occurred and is continuing prior to the entry into the contract for such acquisition or would result from such acquisition; and
- (h) if such acquisition is funded from amounts standing to the credit of any Disposal Proceeds Accounts, the aggregate value based on their value at the time of acquisition of all Incoming Properties acquired after the Closing Date funded from amounts standing to the credit of those Disposal Proceeds Accounts in each rolling five year period from the Closing Date is no greater than 25 per cent. of the aggregate market value of the Property Portfolio (by reference to the most recent Valuation at such time),

(the **Acquisitions Covenant**).

Property Portfolio Criteria means:

- (a) the main purpose of each Property is student accommodation;
- (b) each Property is a freehold or heritable Property or long leasehold interest on standard market terms;
- (c) if a Property is a long leasehold interest, all covenants and undertakings of the landlord have been complied with and no breach exists which would cause any tenant of the Property to withhold rent;
- (d) the Property Portfolio contains a minimum of 25 properties at all times located in at least ten cities and towns (one of which must be in London) in England, Scotland or Wales; and
- (e) no more than 25 per cent. of the Properties (as determined by reference to the aggregate value of the Properties (by reference to the most recent Valuation)) are let or leased by a Management Company to any one tenant pursuant to any Occupational Lease, Institutional Lease or Agreement for Lease.

Incoming Property Criteria means:

- (a) any Incoming Property that is a long leasehold property has a minimum 75 year term and all covenants and undertakings of the landlord have been complied with in all material respects and no breach exists that would cause the tenant to withhold rent;
- (b) the occupancy of all Incoming Properties is, and is projected for the following 12 months, to be at least 85 per cent. in aggregate;
- (c) at least 80 per cent. of the bedrooms in the resulting Property Portfolio have an en-suite bathroom; and
- (d) if any Incoming Property is in a city where none of the initial Properties are located, such city must have at least 15,000 students and not more than 25 per cent. of the beds in the Property Portfolio may be located in this city.

If the acquisition of any Property involves the acquisition by the Obligor HoldCo of any shares in any company owning (directly or indirectly) that Property, such company shall deliver to the Obligor Security Trustee an accession memorandum duly executed by such company and shall accede as an Obligor to the CTA, the MDA, the STID and, in certain circumstances, the Tax Deed of Covenant in accordance with the terms of the CTA.

On a transfer of any Property to a Limited Partnership, the Limited Partnership must have sufficient cash to pay any SDLT that is payable in respect of the transfer and, where the SDLT payable on the transfer is calculated by reference to any amount which is significantly less than the consideration actually paid for the transfer, the General Partners must obtain a written opinion on the SDLT which is payable on the transfer.

Disposals of Properties

Subject as provided below, no Obligor will, either in a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary, sell, transfer, convey, licence, lend, lease or otherwise dispose of the whole or any part of its property or assets unless:

- (a) such disposal is made in the ordinary course of business and on arm's length terms;
- (b) the Property Portfolio Criteria remain satisfied in relation to any Property (or the shares in any Obligor owning any Property);
- (c) the Net Disposal Proceeds arising from the disposal of any Property (or the shares in any Obligor owning any Property) will be equivalent to or greater than (when taken together with any additional amount of cash paid to the relevant Obligor by way of equity or Subordinated Loan in connection with and simultaneously with such disposal) the Relevant Amount;
- (d) no Obligor Event of Default has occurred and is continuing or would result from the disposal of any Property (or the shares in any Obligor owning any Property);
- (e) the relevant Obligor gives the Obligor Security Trustee five days' prior written notice of the disposal of any Property (or the shares in any Obligor owning any Properties); and
- (f) the relevant Obligor gives to the Obligor Security Trustee, not less than two days prior to the disposal of any Property (or the shares in any Obligor owning any Property), a disposal certificate in the form scheduled to the CTA (a **Disposal Certificate**) confirming the above in respect of that Property (or those shares),

(the **Disposals Covenant**).

The restriction on disposals shall not apply to:

- (a) the disposal of obsolete assets which are not expressed to be subject to a fixed charge or fixed security under any Obligor Security Document, have outlasted their useful life and which are no longer required for the efficient operation of the business;
- (b) expenditure of cash for purposes consistent with the Obligor Security Documents and which is not expressed to be subject to a fixed charge or fixed security under any Obligor Transaction Documents;
- (c) the disposal of assets which are subject to a floating charge, and not expressed to be subject to a fixed charge or fixed security, under any Obligor Security Document and such disposal is made in the ordinary course of business;
- (d) the grant of any Direct Occupational Lease, Management Company Lease, Nomination Agreement, Institutional Lease or Agreement for Lease or other lease entered into by an Obligor in accordance with the CTA;

- (e) a disposal relating to an Authorised Investment for cash in the ordinary course of trading or in exchange for other Authorised Investments;
- (f) any disposal of an interest in a Property (the **Property Interest**) to an existing Obligor or to a new Obligor simultaneously with the accession of such new Obligor to the CTA; or
- (g) any disposal made with the prior written consent of the Obligor Security Trustee.

Unless the disposal is of any Property (or the shares in any Obligor owning any Property) where the Disposal Proceeds after deducting any direct costs and expenses (including, for the avoidance of doubt, any VAT chargeable in respect of such costs and expenses) properly and reasonably incurred in connection with such disposal and any amount in respect of any tax payable by the relevant Obligor to a tax authority in relation to that disposal (the **Net Disposal Proceeds**) do not exceed £1,000,000, the relevant Obligors shall apply at least the Relevant Amount relating to such disposal of in accordance with the Prepayment Principles set out above or by depositing an amount at least equal to the Relevant Amount in the Disposal Proceeds Account for a maximum of 12 months to facilitate the acquisition of a Property in accordance with the CTA.

Allocated Debt Amount means, in respect of each Property, the amount determined by multiplying the Allocated Debt Percentage applicable to that Property by the aggregate Outstanding Principal Amount of all of the Senior Debt.

Allocated Debt Percentage means, in respect of each Property, the open market value of that Property expressed as a percentage of the aggregate open market values of all Properties (based on the most recent Valuation of the Properties).

Relevant Amount means, in respect of each Property, the Relevant Multiple of the Allocated Debt Amount for that Property.

Relevant Multiple means, following the disposal of a Property, if the Loan to Value Ratio is:

- (a) less than or equal to 55 per cent, 0 per cent;
- (b) greater than 55 per cent. but less than or equal to 65 per cent., the lower of:
 - (i) the amount (expressed as a percentage) required to achieve a Loan to Value Ratio (as at the last Test Date adjusted to take account of such disposal) of below 55 per cent.; or
 - (ii) 105 per cent.; and
- (c) greater than 65 per cent., the lower of:
 - (i) the amount (expressed as a percentage) required to achieve a Loan to Value Ratio (as at the last Test Date adjusted to take account of such disposal) of below 55 per cent.; or
 - (ii) 125 per cent.

The amount of any Net Disposal Proceeds which do not exceed £1,000,000 or above the Relevant Amount not required to be deposited into a Disposal Proceeds Account (the **Residual Proceeds Amount**) will be for the account of the relevant Limited Partnership and will be credited to its General Account.

Alterations

None of the Obligor is permitted, at any time, other than where required by law or any superior landlord to:

- (a) effect, carry out or permit any demolition, reconstruction or rebuilding of or any structural alteration to, or material change in the use of, its Properties; or
- (b) sever, unfix or remove any of the material fixtures to any of its Properties (except for the purposes of and in the course of effecting necessary repairs thereto or of replacing the same with new or improved models or substitutes),

provided that the Obligor will be entitled to undertake Enhancement Capex in connection with the Properties if the relevant Obligor has certified to the Obligor Security Trustee that the following conditions are satisfied prior to it undertaking such Enhancement Capex or has otherwise obtained the prior written consent of the Obligor Security Trustee prior to it undertaking such Enhancement Capex:

- (i) the aggregate value of the Properties at any time subject to works connected with Enhancement Capex is less than 20 per cent. of the then aggregate market value of the Properties (by reference to the most recent Valuation);
- (ii) works relating to Enhancement Capex shall take less than six months to complete;
- (iii) the Enhancement Capex will be funded from amounts standing to the credit of the General Accounts or the relevant Obligor has available to it requisite funds or funding arrangements in order to meet all payments for the completion of the Enhancement Capex;
- (iv) the Enhancement Capex is consistent with the business purpose of the Obligor Group; and
- (v) no Obligor Event of Default has occurred which is continuing.

Purchase of Notes by Obligor

No Obligor may purchase any Notes unless:

- (a) no Obligor Event of Default is outstanding or would occur as a result of such purchase;
- (b) the Notes are purchased on arm's length terms; and
- (c) if a Trigger Event is outstanding:
 - (i) the acquisition of the Notes by that Obligor is funded by way of equity or a Subordinated Loan or out of cash standing to the credit of the Lock-Up Accounts or the Defeasance Accounts in accordance with the Prepayment Principles set out above; and
 - (ii) the purchase price for the Notes is less than or equal to their Redemption Amount which would apply if the Notes were redeemed by the Issuer using a prepayment by the Borrower of an equivalent notional amount of the corresponding Issuer/Borrower Loan plus accrued interest (but, for the avoidance of doubt, no such restriction on the purchase price of the Notes will apply if no Trigger Event is outstanding); and

- (d) provided that the then outstanding amount of the Revolving Credit Facility shall not as a result of such purchase at any time exceed 25 per cent. of the aggregate principal amount of all Senior Debt (excluding the Obligor Liquidity Facility).

Notes purchased by an Obligor (including the Borrower) will be surrendered by that Obligor to the Issuer for cancellation in accordance with the Issuer/Borrower Facilities Agreement and, in the case of an Obligor (other than the Borrower), the Intra-Group Agreement. Following such surrender, an amount of the corresponding Issuer/Borrower Loans and, in the case of an Obligor (other than the Borrower), an amount of the corresponding Intra-Group Loans made by the Borrower to that Obligor, equal to the Principal Amount Outstanding of such Notes shall then be treated as having been repaid in accordance with the Issuer/Borrower Facilities and, in the case of an Obligor (other than the Borrower), the Intra-Group Agreement.

Other Obligor covenants

In addition, each Obligor must (among other things) (subject, where applicable, to disclosure and to agreed customary thresholds and qualifications as to reservations of law):

- (a) promptly obtain, comply with and do all that is necessary to maintain in full force and effect and upon request supply certified copies to the Obligor Security Trustee of and not agree to alter (other than for the purposes of renewal or replacement) any authorisation, consent, licence or approval required under applicable law or regulation in its jurisdiction of incorporation (or, in the case of the Limited Partnerships, registration) to enable it to perform all of its rights and obligations under, and for the validity, enforceability or admissibility of, any Obligor Transaction Documents to which it is a party and to enable it to own its assets or for the conduct of its business;
- (b) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all consents required in or by the laws of its jurisdiction of incorporation to enable it lawfully to enter into and perform its obligations under the Obligor Transaction Documents to which it is a party and to ensure (subject to the Reservations) the legality, validity or admissibility in evidence in that jurisdiction and, if different, in England and Wales and, where applicable, in Scotland of each of the Obligor Transaction Documents;
- (c) do all such things as are necessary to maintain the corporate structure of the Obligor Group;
- (d) make or procure to be made all appropriate registrations, filings or notifications of the Obligor Security Documents within the applicable time limits;
- (e) subject to the Reservations, ensure that at all times the Obligor Secured Liabilities for payment obligations will rank at least equally and rateably with the claims of all of its other unsecured and unsubordinated creditors save those whose claims which are preferred solely by any law whether under bankruptcy, insolvency, liquidation or other similar laws of general application to companies or limited partnerships (as applicable);
- (f) subject to the Reservations, ensure that at all times, save for claims mandatorily preferred by law, the Obligor Security granted by it is not subject to any prior or *pari passu* Security Interest (other than those contemplated or permitted by the Obligor Transaction Documents) and the Obligor Security ranks prior to the claims of all unsecured and unsubordinated creditors;
- (g) subject to the Reservations and the Obligor Transaction Documents, in relation to itself that it shall maintain the Obligor Security pursuant to and in accordance with the Obligor Security Documents to which it is a party, shall maintain absolute legal and/or beneficial

ownership of the assets (or, in the case of assets located in Scotland, shall be the registered heritable proprietor thereof and/or, as applicable, hold the beneficial interest therein) over which it purports to confer the Obligor Security (including, as applicable, the share capital and partnership interests in other Obligors) and that the Obligor Security is not subject to any prior or *pari passu* Security Interests and shall continue to be valid and effective;

- (h) not create or allow to subsist any Security Interest or Quasi-Security on the whole or any part of its present or future assets except: (i) any lien arising by operation of law and in the ordinary course of trading or business either securing amounts not more than 30 days overdue or, if more than 30 days overdue, which are being contested in good faith by appropriate means; (ii) any Security Interest arising out of title retention provisions in a supplier's conditions of supply in respect of goods acquired in the ordinary course of business; (iii) a Security Interest constituted by any Obligor Transaction Document; (v) a Security Interest in respect of any Permitted Financial Indebtedness ranking after the Obligor Security; (vi) any netting or set-off arrangements under any Hedging Agreement or (vii) any Security Interest created with the prior written consent of the Obligor Security Trustee, each a **Permitted Security Interest**;
- (i) not, either in a single transaction or in a series of transactions (whether related or not) and whether voluntary or involuntary: (i) sell, transfer, convey, licence, lend, lease or otherwise dispose of any of its receivables on recourse terms; (ii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; (iii) enter into any other preferential arrangement having a similar effect, where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness;
- (j) not enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction (otherwise than with the prior written consent of the Obligor Security Trustee while solvent);
- (k) not acquire or subscribe for shares or ownership interests in or securities of any company or other person or acquire any business (including incorporating any company or acquiring shares or other ownership interests or the business of any company or other person) other than as permitted or contemplated by the Obligor Transaction Documents;
- (l) not enter into, invest in or acquire any interest in any partnership or joint venture other than as permitted or contemplated by the Obligor Transaction Documents;
- (m) maintain its "centre of main interests" in England;
- (n) not redeem, repurchase, defease, retire or repay any of its share capital nor resolve to do so (otherwise than by way of a Restricted Payment expressly permitted to be made by the CTA);
- (o) (other than the Obligor HoldCo to Pavilion Trustees Limited as trustee of USAF and the Management Companies to The UNITE Group plc or any member of the UNITE Group) not issue any shares to any person that is not an Obligor otherwise than as permitted by the CTA;
- (p) not issue any shares which by their terms are redeemable or convertible or exchangeable for Financial Indebtedness;
- (q) not incur any operating or capital expenditure in respect of the Properties unless: (i) it is in accordance with amounts of Adjusted Approved Operating Costs set out in the

Management Report; (ii) it is in accordance with the amounts of Approved Capital Expenditure Amounts set out in the Management Report; (iii) it is Enhancement Capex in accordance with the CTA; or (iv) two directors of the Obligor certify to the Obligor Security Trustee that such operating or capital expenditure was reasonably incurred by the relevant Obligor in respect of the Properties;

- (r) procure that all assets are kept separate and easily identifiable from those of any other entity and the location and identity of any intangible property of each Obligor (except for goodwill) shall be recorded in such Obligor's records and no Obligor shall except as specifically permitted by the Obligor Transaction Documents deposit any money into the bank account of another entity or allow any money of another entity to be deposited into an account of such Obligor and, other than as permitted by the Obligor Transaction Documents, each Obligor shall ensure that all of its liabilities are met only from its own funds directly and shall not allow its liabilities to be paid by another entity and each Obligor shall keep separate books and records and shall maintain separate financial statements;
- (s) at all times: (i) observe all corporate and other formalities required by its Memorandum and Articles of Association (or, in the case of each Limited Partnership, its Partnership Deed) and other constitutional documents; (ii) conduct business in its own name; (iii) hold itself out as a separate entity from any entity within the UNITE Group that is not an Obligor; (iv) maintain adequate capital in light of its business operations; and (v) use separate stationery and invoices from any entity within the UNITE Group that is not an Obligor;
- (t) save as otherwise provided in the Obligor Transaction Documents, to comply with the cash management principles set out in the CTA and, in respect of its Properties and the Rental Income therefrom, to procure compliance by UNITE Rent Collection Limited therewith;
- (u) only enter into transactions with another Obligor or any other Affiliates in good faith for its own benefit and on arm's length commercial terms, provided that where an Obligor enters into more than one transaction with the same person, all such transactions shall be considered together for this purpose;
- (v) carry on its business in a reasonable and prudent manner in accordance with all applicable laws, regulations, agreements, judgments, decrees, its Memorandum and Articles of Association (or, in the case of each Limited Partnership, its Partnership Deed) or other constitutional documents and Good Industry Practice and the Obligor Transaction Documents;
- (w) for so long as any Obligor shares its office space with any of the other Obligors or any other party, each such Obligor shall ensure that the costs and expenses associated with the rent and upkeep of such office space is fair and reasonable in the context of the space and time it is occupied by such Obligor and the uses to which such office space is put;
- (x) for so long as any Notes are outstanding, that it will do all things within its power that are reasonably necessary to assist or enable the Issuer to maintain ratings for the Notes with the Rating Agencies;
- (y) not to change its accounting reference date without the prior written consent of the Obligor Security Trustee;
- (z) not at any time be an employer (for the purposes of sections 38 to 51 of the Pension Act 2004) of an occupational pension scheme which is a defined benefit scheme or (other

than in connection with the acquisition of any company with a defined benefit scheme in existence at the time of acquisition) connected with or an associate of such an employer;

- (aa) at all times retain auditors of national repute and standing and inform the Obligor Security Trustee of any change to its auditors;
- (bb) subject to all applicable laws, following a Default which is continuing, upon reasonable notice provide the Obligor Security Trustee and its agents access or procure that access is provided to all its books of record and accounts;
- (cc) maintain any Hedges in accordance with the terms of any Obligor Facility, provided that:
 - (i) no Hedge is entered into for speculative purposes;
 - (ii) the Hedge Counterparty has the Hedge Counterparty Minimum Ratings on the date of entry of the Hedging Agreement;
 - (iii) it is documented pursuant to the 1992 ISDA Master Agreement or the ISDA 2002 Master Agreement each as published by the International Swaps and Derivatives Association Inc. and each including the schedule thereto (the **ISDA Master Agreement**)
 - (iv) such Hedge is in sterling only;
- (dd) use all reasonable endeavours to preserve and maintain the subsistence and validity of the Intellectual Property necessary for its business, where failure to do so would reasonably be likely to have a Material Adverse Effect; and
- (ee) not: (i) amend or waive any provision of its Partnership Deed, the Property and Asset Management Agreement and its Operating Agreement (the **Partnership Documents**) which could reasonably be expected to materially prejudice the interests of the Obligor Secured Creditors or cause any Obligor to be in breach of any Obligor Transaction Document; (ii) transfer or assign any interest it has in any Limited Partnership (other than pursuant to the Obligor Transaction Documents); or (iii) enter into any agreement or arrangement materially inconsistent with the Partnership Documents; or (iv) agree to the termination of its Limited Partnership until amounts due under the Obligor Transaction Documents have been paid in full.

Property covenants

Each Obligor must (among other things) (subject as the case may be, in the provisions of the CTA, to disclosure and to agreed customary thresholds and qualifications as to materiality and reservations of law) comply with the following property covenants:

- (a) comply with all planning laws, civil defence, fire and police regulations and any building regulation to which it may be subject in respect of the Properties;
- (b) comply with conditions attached to planning permissions and not make any application for planning permission under certain legislation;
- (c) observe and perform all restrictive or other covenants, undertakings and obligations affecting its Property and enforce all restrictive covenants benefitting its Property, in each case where failure to do so would materially and adversely affect the value of the relevant Property and/or the Rental Income received in respect of the relevant Property;

- (d) not enter into any Direct Occupational Lease, Agreement for Lease or Nomination Agreement (other than any Direct Occupational Lease, any commercial lease under which the annual rental income is less than £150,000 or any referral agreement with a university to enter into block bookings (a **Minor Lease**)) or grant any Institutional Lease (other than a Minor Lease) unless such lease or agreement is on commercial arm's length terms and in accordance with Good Industry Practice;
- (e) observe and perform in all material respects all covenants, undertakings and obligations under any lease under which such Obligor derives its estate or interest in each Property;
- (f) comply with any applicable law in the United Kingdom which relates to the pollution or protection of the environment or harm to or the protection of human health or the health of animals or plants (**Environmental Law**) in respect of the Properties and obtain and maintain any permit, licence, consent, approval and other authorisation and make the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of an Obligor conducted on or from the Properties owned or used by that Obligor (**Environmental Permits**) in respect of the Properties, in each case where failure to do so would reasonably be likely to give rise to any Material Adverse Effect;
- (g) maintain or ensure or procure that there is effected and maintained insurance in respect of the Properties (other than Central Point, Plymouth and Londonderry House, Birmingham, where the insurance policies (other than loss of income cover) are in the name of the superior landlord) at all times with a suitable and reputable insurer, such insurance provider as at the Closing Date being Axa Insurance UK plc;
- (h) each General Partner and the Management Companies must enforce its rights and comply with its obligations under the duty of care deed between, among others, the Borrower, the Management Companies, the Property Manager and the Obligor Security Trustee pursuant to which the Property Manager undertakes, *inter alia*, to comply in all material respects with its obligations under the Property and Asset Management Agreement (the **Duty of Care Deed**);
- (i) in the case of the General Partner (for and on behalf of its Limited Partnership), not to terminate the appointment of the Property Managers or to appoint any new, additional or substitute property manager of the Properties without the consent of the Obligor Security Trustee;
- (j) notify the Obligor Security Trustee immediately if any part of a Property is compulsorily purchased or the applicable government agency or authority makes an order for the compulsory purchase of the same;
- (k) repair and keep in good and substantial repair and condition its Property and any other necessary buildings, structures, fixtures, fittings, plant, machinery and equipment forming part of each Property and when necessary or desirable rebuild, renew and replace the same by items of similar quality and value, in each case in accordance with Good Industry Practice;
- (l) punctually pay or cause to be paid all existing and future rents, duties, fees, renewal fees, charges, assessments, impositions and outgoings as are payable in respect of any Property or part thereof;
- (m) not carry out any alterations other than as permitted by the CTA (see the section entitled "Alterations" above); and

- (n) diligently collect or procure to be collected all Rental Income owing to it and exercise its rights and comply with its obligations under each Lease Document, in each case in accordance with Good Industry Practice.

If, at any time, an Obligor fails to perform any of its property covenants (other than in relation to Environmental Law or Environmental Permits), the Obligor Security Trustee shall be entitled to enter the Property to remedy or rectify such non-compliance.

Obligor representations and warranties

Each Obligor will give representations and warranties in the CTA covering, *inter alia*, the following areas in relation to itself only, subject, where applicable, to disclosure and to agreed customary qualifications as to materiality and reservations of law:

- (a) due incorporation as a limited liability company and power to carry on its business as currently carried on by it and the Limited Partnerships are duly registered and validly existing limited partnerships under the Limited Partnerships Act 1907;
- (b) power to enter into and perform its obligations under and the transactions contemplated by the Obligor Transaction Documents to which it is a party;
- (c) the Obligor Transaction Documents to which it is a party are legal, binding, valid and enforceable and are admissible in evidence in its jurisdiction of incorporation and the Obligor Security Documents create the security interests they purport to create;
- (d) no conflict with constitutional documents, laws, licences, regulations or other documents by entering into the Obligor Transaction Documents to which it is a party which, in the case of other documents only, would reasonably be likely to have a Material Adverse Effect;
- (e) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary authorisations, consents and licences, the making of any necessary registrations and the like) by the laws of the jurisdiction under which each Obligor is incorporated or formed in or in which any of its assets are situated are in order;
- (f) no Default is continuing or would reasonably be expected to occur as a result of the execution and delivery of, or the performance of any transaction (including the making of any Obligor Loan contemplated by, any Obligor Transaction Document);
- (g) no transaction has been entered into with any person otherwise than on or better than arm's length terms;
- (h) no Trigger Event is outstanding or would reasonably be expected to occur as a result of the execution and delivery of, or the performance of any transaction (including the making of any Obligor Loan) contemplated by, any Obligor Transaction Document;
- (i) no Lock-Up Event is outstanding or would reasonably be expected to occur as a result of the execution and delivery of, or the performance of any transaction (including the making of any Obligor Loan) contemplated by, any Obligor Transaction Document;
- (j) the Operating Agreement and the Property and Asset Management Agreement each constitute legal, valid and binding obligations of the parties thereto enforceable in accordance with their terms;

- (k) the Obligor Secured Liabilities do and will rank at least equally and rateably for payment with all unsecured obligations of each Obligor, except for obligations mandatorily preferred by law applying to companies and partnerships generally;
- (l) subject to the Reservations, each Obligor Security Document to which an Obligor is a party confers the Security Interest it purports to confer over all of the assets of that Obligor referred to therein and it is the absolute legal (other than, in the case of the General Partners, in respect of the Trust Property) and beneficial (other than, in the case of the Nominees, in respect of the Trust Property (as defined in the relevant Declaration of Trust) and, in the case of the General Partners, in respect of the partnership assets) owner of the assets (or, in the case of assets located in Scotland, is the holder of the title to such assets (other than, in the case of the General Partners, in respect of the Trust Property (as defined in the relevant Declaration of Trust)) and the beneficial interest therein (other than, in the case of the Nominees, in respect of the Trust Property)) over which it purports to confer the Obligor Security (including, as applicable, the share capital and partnership interests in other Obligors) and that the Obligor Security is not subject to any prior or *pari passu* Security Interests and is valid and effective;
- (m) there are no overdue tax returns or filings and no claims (other than claims which are being or will be disputed in good faith) have been or, as far as it is aware, are reasonably likely to be asserted against any Obligor with respect to Taxes where, if determined adversely against it, would result in a material liability to tax (and for these purposes, but no other, a material liability to tax shall mean an aggregate liability of the Obligors in respect of all such actual and contingent claims being in excess of £500,000);
- (n) so far as each Obligor is aware, it is not currently the subject of any non-routine investigation, dispute or series of enquiries by any Tax Authority, which, if adversely determined against it, would reasonably be likely to have a Material Adverse Effect;
- (o) no stamp duty, stamp duty land tax, registration or other documentary taxes or duties (which, for the avoidance of doubt, shall not include any applicable registration fees) are payable in connection with the entry into any Obligor Transaction Documents;
- (p) no Obligor is required under the law of its jurisdiction of incorporation or elsewhere to make any deduction or withholding for or on account of Tax from any payment it may make under any Obligor Transaction Document;
- (q) compliance with the Financial Services and Markets Act 2000 in respect of the Property and Limited Partnerships constituting a collective investment scheme;
- (r) ownership of the Obligors, in particular that (i) each General Partner is the only general partner of the respective Limited Partnership, (ii) that USAF LP Limited, UNITE UK Student Accommodation Fund and Michael Farrow (as trustee of the UNITE Discretionary Trust) are the only limited partners of the Limited Partnerships (other than Filbert Village Student Accommodation, L.P.), and (iii) Filbert Street Student Accommodation Unit Trust and the UNITE Discretionary Trust are the only limited partners of Filbert Village Student Accommodation, L.P.;
- (s) the "centre of main interests" of each Obligor being in England;
- (t) (other than the Borrower) no business carried out by it other than in connection with the ownership of the Properties, the properties owned by it prior to the Closing Date and the properties disposed of by it in accordance with the CTA or the establishment and operation of the UNITE Fund;

- (u) no breach by a tenant of, or non-compliance by a tenant with (to the best of its knowledge having made all reasonable enquiries), the terms of any present or future lease, underlease, sub-lease, licence, tenancy or right to occupy in each case howsoever described whether on a fixed term or periodic basis governing the use or occupation of any freehold, heritable or leasehold property or any part of it in respect of any Property, including any Agreement for Lease or Management Company Lease (a **Lease**) (other than a Direct Occupational Lease) of any Property to which it is a lessor which would reasonably be likely to have a Material Adverse Effect;
- (v) compliance with all planning laws and having obtained all permanent planning permissions, in each case which if not obtained or complied with would materially and adversely affect the value of the relevant Property and/or the Rental Income received in respect of the relevant Property;
- (w) all deeds and documents necessary to demonstrate good and marketable title to the Properties are held by the legal advisers to the Obligors;
- (x) it has no employees;
- (y) legal or beneficial ownership of its material assets;
- (z) no steps taken towards Insolvency Proceedings;
- (aa) effectiveness of its insurances;
- (bb) no litigation which might reasonably be expected to be adversely determined and, if adversely determined, would reasonably be likely to have a Material Adverse Effect has commenced or been threatened against any Obligor;
- (cc) accuracy of information contained in the Prospectus and the Investor Presentation;
- (dd) no Obligor having any Financial Indebtedness outstanding other than any Permitted Financial Indebtedness;
- (ee) no Obligor being an employer (for the purpose of sections 38 to 51 of the Pension Act 2004) of an occupational pension scheme which is a defined benefit scheme (other than in connection with the acquisition of any company with a defined benefit scheme in existence at the time of acquisition) and no Obligor operating or agreeing to assume obligations generally in respect of any occupational pension scheme;
- (ff) no breach of any law, regulations or licences which would reasonably be likely to have a Material Adverse Effect; and
- (gg) to the best of its knowledge (having made all reasonable enquiries) all written factual information supplied by or on behalf of an Obligor to the Obligor Secured Creditors in connection with the Obligor Transaction Documents is true and accurate in all material respects.

Each representation and warranty will be given by each Obligor on the Closing Date. Certain representations and warranties will be repeated by the Obligors on certain other dates as specified in the CTA.

Information covenants

Financial statements

The Obligors will provide to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Obligor Facility Providers (other than the Issuer), any Hedge Counterparties and (only in relation to (a) and (b) below) the Paying Agents and the Rating Agencies:

- (a) audited financial statements of each Obligor (other than the Nominees) and related accountants' reports, within 180 days after the end of each financial year (such financial statements to comprise profit and loss account, balance sheet and cashflow statement);
- (b) consolidated audited financial statements of the Obligor Group, prepared as if they constituted a statutory group for consolidation purposes, and related accountants' reports, within 180 days after the end of each financial year (such financial statements to comprise profit and loss account, balance sheet and cashflow statement);
- (c) quarterly and annual management accounts of each Obligor (other than the Nominees), within 15 Business Days of the quarter end and financial year end, respectively (such financial statements to comprise profit and loss account, balance sheet and cashflow statement); and
- (d) consolidated quarterly and annual management accounts of the Obligor Group, prepared as if they constituted a statutory group for consolidation purposes, within 15 Business Days of the quarter end and financial year end (respectively) (such financial statements to comprise profit and loss account, balance sheet and cashflow statement).

Interim Management Reports and Management Reports

The Obligors (or the Obligor Cash Manager on their behalf) will provide to the Borrower and the Obligor Security Trustee:

- (a) the Interim Management Report setting out, among other things, the Actual Cashflow, the Projected Cashflow, the Actual Finance Costs and the Projected Finance Cost calculations for the then current Test Period, amounts paid into the Sinking Fund Accounts during that Test Period and amounts projected to be withdrawn from the Sinking Fund Accounts in the following Test Period, amounts projected to be payable in respect of Operating Costs in the following Test Period and details of any acquisition or disposal of a Property or Properties during that Test Period which the Borrower is required to supply pursuant to the CTA, within one Business Day following each Calculation Date; and
- (b) the Management Report setting out, among other things, the Actual Cashflow, the Projected Cashflow, the Actual Finance Costs and the Projected Finance Cost calculations for the previous Test Period, amounts paid into the Sinking Fund Accounts during that Test Period and amounts projected to be withdrawn from the Sinking Fund Accounts in the following Test Period, amounts projected to be payable in respect of Operating Costs in the following Test Period and details of any acquisition or disposal of a Property or Properties during that Test Period which the Borrower is required to supply pursuant to the CTA, within 15 Business Days after each Interest Payment Date in respect of the Previous Test Period.

Investor Reports

The Borrower will provide an investor report to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Issuer Cash Manager, the Obligor Facility Providers (other than

the Issuer), any Hedge Counterparties, the Paying Agents, the Noteholders and the Rating Agencies, within 20 Business Days of each Interest Payment Date, containing, without limitation, a summary of disposals and acquisitions during the Test Period ending on (and including) the relevant Test Date, calculations of the Loan to Value Ratio, the Historic Cashflow ICR and the Projected Cashflow ICR and any amounts standing to the credit of the Obligor Liquidity Reserve Account, the Cure Deposit Account, the Sinking Fund Accounts, the Disposal Proceeds Accounts, the Defeasance Accounts and the Lock-Up Accounts, which investor report must be distributed in accordance with the CTA and published on Bloomberg.

Interim Compliance Certificate and Compliance Certificate

The Borrower will provide to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Obligor Facility Providers (other than the Issuer) , any Hedge Counterparties, the Paying Agents and the Rating Agencies:

- (a) an Interim Compliance Certificate within two Business Days following each Calculation Date; and
- (b) a compliance certificate prepared by the Borrower or on the Borrower's behalf in accordance with the CTA (a **Compliance Certificate**), within 15 Business Days following each Test Date containing, without limitation, calculations of the Loan to Value Ratio, the Historic Cashflow ICR and the Projected Cashflow ICR and any amounts standing to the credit of the Obligor Liquidity Reserve Account, the Cure Deposit Account, the Sinking Fund Accounts, the Disposal Proceeds Accounts and the Defeasance Accounts and/or the Lock-Up Accounts.

Valuations

The Obligors will provide to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Obligor Facility Providers (other than the Issuer) and any Hedge Counterparties with a copy of a (i) Quarterly Valuation of the Property Portfolio within 15 Business Days of each quarter end, and (ii) Full Valuation within 45 Business Days of each second anniversary of the first Test Date following the Closing Date and on each anniversary of the first Test Date following the occurrence of a Trigger Event which is continuing.

Other information covenants

Subject to any duty of confidentiality and any applicable legal or regulatory restrictions, the Obligors will also be obliged to deliver other information to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Obligor Facility Providers (other than the Issuer) and any Hedge Counterparties from time to time, including details of:

- (a) any downgrade action by the Rating Agencies in respect of the Notes including the Notes being put on negative credit watch;
- (b) any material litigation or proceedings against any Obligor or the UNITE Rent Collection Company;
- (c) any fact or circumstance which could reasonably be likely to lead to any of the statements in paragraph (cc) of the "Representations and Warranties" section of the "Common Terms Agreement" section of this Prospectus no longer being true in respect of any Obligor;
- (d) all documents dispatched by an Obligor to its creditors generally at the same time as they are dispatched; and

- (e) any other event and which would reasonably be likely to have a Material Adverse Effect.

Investor conference calls

The Borrower will hold an annual conference call with Noteholders and the Obligor Facilities Providers to address the information contained in the most recent Investor Report.

Challenge to Compliance Certificates

The Obligor Security Trustee shall within ten Business Days of receipt of a Compliance Certificate or an Interim Compliance Certificate (as applicable) (the **Challenge Period**) have the right, on the written instruction of either (i) Qualifying Secured Creditors (as determined in accordance with the STID) (through their Secured Creditor Representatives) or (ii) any Obligor Facility Providers comprising Majority Lenders (as determined in accordance with the relevant Obligor Facility Agreement) (excluding, for the avoidance of doubt, the Liquidity Facilities Agreement) (through their Secured Creditor Representative), to challenge (a **Challenge**) a statement, calculation or ratio in the Interim Compliance Certificate or the Compliance Certificate (as applicable), and call for other substantiating evidence, where such Qualifying Secured Creditors or Obligor Facility Providers (as applicable) have reason to believe that any statement, calculation or ratio in the Interim Compliance Certificate or the Compliance Certificate (as applicable) is inaccurate or misleading in a manner that would result in there being a Trigger Event subsisting.

In respect of a Challenge, the Obligor Security Trustee must send a written notice (a **Challenge Notice**) within the Challenge Period to the Borrower stating the reason for the Challenge and requesting such substantiating evidence as is deemed necessary by the relevant Qualifying Secured Creditors or Obligor Facility Providers (as applicable) to investigate and/or confirm the statements, calculation and ratios contained in any Compliance Certificate or Interim Compliance Certificate (as applicable) or any accompanying statement.

Following the delivery of a Challenge Notice, the Borrower shall promptly provide or procure the provision of such information as the Obligor Security Trustee has requested (and may further request, subject always to the confidentiality provision of the CTA).

If following receipt of any additional information, the Obligor Security Trustee (acting on the written instruction of either (i) Qualifying Secured Creditors (in accordance with the STID) (through their Secured Creditor Representatives) or (ii) any Obligor Facility Providers comprising Majority Lenders (in accordance with the relevant Obligor Facility Agreement) (excluding, for the avoidance of doubt, the Liquidity Facilities Agreement) (through their Secured Creditor Representative)) continues to believe that a statement, calculation or ratio that is subject to the challenge is materially inaccurate or misleading in a manner that would otherwise result in there being a Trigger Event subsisting, then the Obligor Security Trustee shall, at the cost of the Borrower and in consultation with the Borrower, appoint an accounting firm of national repute and standing (in respect of the country of incorporation or establishment of the relevant Obligor the details of which are the subject of the Challenge Notice) (the **Independent Expert**) to investigate the relevant statement, calculation or ratio that is the subject of the challenge.

The Independent Expert shall be required to provide a report of its conclusions within 30 days of its appointment (or such other period as may be agreed between the Obligor Security Trustee acting on the written instruction of (i) Qualifying Secured Creditors (in accordance with the STID) (through their Secured Creditor Representatives) or (ii) any Obligor Facility Providers comprising Majority Lenders (in accordance with the relevant Obligor Facility Agreement) (excluding, for the avoidance of doubt, the Liquidity Facilities Agreement) (acting through their Secured Creditor Representative), the Borrower and the Independent Expert), which report shall be binding and conclusive as to the Challenge in respect of which it was appointed.

Obligor Events of Default

The CTA shall include, but among others are not limited to, the following events of default (the **Obligor Events of Default** and each an **Obligor Event of Default**) (subject to appropriate negotiated carve-outs, materiality thresholds and grace periods):

- (a) a breach of the Financial Covenant Ratios which is not cured in accordance with the terms of the CTA;
- (b) non-payment of any amounts under any Obligor Transaction Documents at the time, in the currency and in the manner in which it is expressed to be payable, unless due to a technical or administrative delay or error in the transmission of funds outside the control of the relevant Obligor and such payment is made within three Business Days of the payment falling due;
- (c) any representation, warranty or statement made or deemed to be made or repeated by an Obligor in any Obligor Transaction Document or in any notice or other document, certificate or statement delivered by it pursuant to, or in connection with, any Obligor Transaction Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made or repeated, unless the underlying circumstances of such incorrect or misleading representation, warranty or statement are, in the opinion of the Obligor Security Trustee, capable of remedy and are remedied within 20 Business Days after the earlier of the Obligor Security Trustee giving notice to the relevant Obligor of such breach and the relevant Obligor becoming aware of such breach;
- (d) a breach of any Obligor covenant, undertaking or obligation, where such breach if capable of remedy is not remedied within 20 Business Days or (in the case of the Financial Indebtedness Covenant, the Distributions Covenant, the Acquisitions Covenant, the Disposals Covenant and the Insurance Covenant) ten Business Days or (in the case of the Restricted Payments Covenant and the Reconciliation Covenant) three Business Days after the earlier of the Obligor Security Trustee giving notice to the relevant Obligor of such non-performance or non-compliance and the relevant Obligor becoming aware of such non-performance or non-compliance;
- (e) any Property is destroyed or otherwise damaged and such destruction or damage is not fully insured for full reinstatement value or may result in any abatement of rent under any Institutional Lease or Nomination Agreement which abatement is not fully insured for a period of at least three years where such failure to fully insure or abatement of rent would reasonably be likely to have a Material Adverse Effect;
- (f) any leasehold interest comprising any Property is forfeited (subject to expiry of any relief period);
- (g) any Financial Indebtedness of the Obligors in excess of £2,500,000 (other than under the Obligor Transaction Documents) is not paid when due (after the expiry of any originally applicable grace period), or any such Financial Indebtedness of any Obligor is declared to be or becomes due and payable prior to its specified maturity or is made payable on demand or any commitment for any Financial Indebtedness of an Obligor in excess of £2,500,000 is cancelled or suspended by a creditor of that Obligor (after the expiry of any originally applicable commitment period) or any Security Interest (other than under or pursuant to an Obligor Security Document) securing any Financial Indebtedness in excess of £2,500,000 over an asset of any Obligor is enforced;
- (h) an Insolvency Event occurs with respect to any Obligor or the UNITE Rent Collection Company;

- (i) it becomes unlawful for any Obligor to perform its material obligations under any Obligor Transaction Document or for the UNITE Rent Collection Company to perform its material obligations under the UNITE Rent Collection Company Appointment Agreement or the UNITE Rent Collection Company Declaration of Trust, or any Obligor Security Document does not create the Security Interest it purports to create, or an Obligor repudiates any Obligor Transaction Document or evidences an intention to repudiate any Obligor Transaction Document;
- (j) an Obligor or the UNITE Rent Collection Company ceases, or threatens to cease, to carry on a substantial part of its business unless such business is transferred to another Obligor;
- (k) an Issuer Event of Default occurs and is continuing;
- (l) the Property and Asset Management Agreement or the Operating Agreement (as applicable) is not, or ceases to be, in full force and effect unless it has been replaced with another substantially similar agreement within 30 days;
- (m) the auditors qualify or restate their report on any audited financial statements of an Obligor so it is no longer a going concern or as a result of which a Financial Covenant Ratio would be breached if tested on the date of such qualification or restatement as if such qualification or restatement had occurred on the immediately preceding Test Date and not cured in accordance with the terms of the CTA;
- (n) if any party to the Tax Deed of Covenant or any additional Tax Deed of Covenant dated after the Closing Date (other than the Issuer, the Issuer HoldCo the Obligor Security Trustee, the Issuer Security Trustee or the Note Trustee) fails duly to perform or comply with any covenant or breaches any representation and/or warranty, where such failure to comply or such breach would or would reasonably be expected to have a Material Adverse Effect, provided that, in any case where such breach is capable of remedy, such breach is not remedied within a period of 30 days following notification by the Obligor Security Trustee to the relevant party or (if earlier) the date on which the relevant party becomes aware of that failure to perform or comply or of that breach;
- (o) the UNITE Rent Collection Company fails to comply with its obligations to make payments into the relevant Management Company Account or the account held in the name of the UNITE Rent Collection Company (including its interest in any replacement account, the **UNITE Rent Collection Company Account**) in accordance with the CTA and various UNITE Rent Collection Company ancillary documents unless due solely to technical or administrative delay or error in the transmission of funds and such payment is made within three Business Days of the payment falling due;
- (p) any litigation, arbitration, administration or other proceedings which in the opinion of the Obligor Security Trustee is not frivolous or vexatious occurs concerning or arising in consequence of the Obligor Transaction Documents or concerning or relating to the business activities of an Obligor or the UNITE Rent Collection Company, in each case which is reasonably likely to be adversely determined against that Obligor or UNITE Rent Collection Company (as applicable), and if so adversely determined, would reasonably be likely to have a Material Adverse Effect;
- (q) an Obligor or UNITE Rent Collection Company (as applicable) fails to comply with or pay any sum due from it under any final judgment or any order made or given by any court of competent jurisdiction in respect of sums in excess of £1,000,000; or
- (r) the authority or ability of the Obligor Group taken as a whole or the UNITE Rent Collection Company to conduct their or its business is wholly or substantially impeded

by any seizure, expropriation, nationalisation, compulsory acquisition, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority.

Definitions

The terms below have the following meanings:

Acceptable Bank means a bank or financial institution which has a rating for its long term unsecured debt obligations of A- or higher by S&P and Fitch or a comparable rating from another rating agency.

Affiliate means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company.

Authorised Investments means investments in Cash Equivalents which are subject to a Security Interest in favour of the Obligor Security Trustee pursuant to the Obligor Deed of Charge or, as applicable, in favour of the Issuer Security Trustee pursuant to the Issuer Deed of Charge, provided that in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments (A) have a maturity date of 90 days or less and mature on or before the next following Interest Payment Date or within 90 days, whichever is sooner, (B) may be broken or demanded by the Issuer, the Issuer Cash Manager or the relevant Obligor or the Obligor Cash Manager (as the case may be), at no cost to the Issuer, the Issuer Cash Manager or the relevant Obligor (as the case may be), on or before the next following Interest Payment Date or within 90 days, whichever is sooner, and (C) have (i) short-term ratings of at least F2 by Fitch and A-1 by S&P and (ii) long-term ratings of at least BBB+ by Fitch and BBB- by S&P.

Borrower Payment Priorities means the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities, the Borrower Post-Enforcement Post-Acceleration Payment Priorities and/or the Borrower Post-Enforcement Pre-Acceleration Payment Priorities, as applicable.

Borrower Post-Enforcement Payment Priorities means the Borrower Post-Enforcement Post-Acceleration Payment Priorities and the Borrower Post-Enforcement Pre-Acceleration Payment Priorities (as applicable).

Borrower Profit Amount means 0.01 per cent. of the interest received by the Borrower under the Intra-Group Agreement in any calendar year ending on 31 December.

Cash Equivalents means:

- (a) certificates of deposit maturing within one year after the relevant date of calculation, issued by an Acceptable Bank;
- (b) any investment in marketable securities issued or guaranteed by the government of the United Kingdom, or by an instrumentality or agency of it having an equal credit rating which:
 - (i) matures within one year after the relevant date of calculation; and
 - (ii) is not convertible to any other security;
- (c) commercial paper not convertible to any other security:
 - (i) for which a recognised trading market exists;

- (ii) issued in the United Kingdom;
 - (iii) which matures within one year after the relevant date of calculation; and
 - (iv) which has a credit rating of or higher than either A-1 by S&P and F2 by Fitch or, if no rating is available in respect of such commercial paper, the issuer of which has, in respect of its long-term unsecured debt obligation, an equivalent rating;
- (d) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or any dematerialised equivalent);
- (e) investments accessible within 30 days in money market or liquid funds which:
- (i) have a credit rating of or higher than A-1 by S&P and F2 by Fitch; and
 - (ii) invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above; or
- (f) any other debt security or investment with a fixed principal amount due at its maturity and (i.e. it is not callable, puttable, or convertible), unless full payment of principal is paid in cash upon the exercise of the embedded option, that (i) is issued or guaranteed by the government of the United Kingdom, or by an instrumentality or agency or (ii) has a credit rating of or higher than either A-1 by S&P and F2 by Fitch and is approved by the Obligor Security Trustee as directed in accordance with the STID (as applicable),

in each case, which is not issued or guaranteed by the Borrower, the relevant Obligor or the Issuer (as applicable) or subject to any Security Interest (other than one arising under the Obligor Security Documents or the Issuer Deed of Charge).

Distressed Disposal means a disposal of an asset of a member of the Obligor Group which is:

- (a) being effected pursuant to an instruction of the Qualifying Secured Creditors in accordance with the STID in circumstances where the Obligor Security has become enforceable;
- (b) being effected by enforcement of the Obligor Security; or
- (c) being effected, after the occurrence of an Enforcement Action, by an Obligor to a person or persons outside of the Obligor Group.

Enforcement Action means any step that an Obligor Secured Creditor is entitled to take to enforce its rights against an Obligor under an Obligor Transaction Document following the occurrence of an Obligor Event of Default including, but not limited to, the declaration of an Obligor Event of Default, the institution of proceedings, the making of a demand for payment under a guarantee, the making of a demand for cash collateral under a guarantee or the acceleration of Obligor Secured Liabilities by an Obligor Secured Creditor or Obligor Secured Creditors pursuant to the terms of the applicable Obligor Transaction Documents or the enforcement of the Obligor Security, provided that the making of a demand under any Hedging Agreement shall not constitute Enforcement Action for the purposes of this definition.

Entrenched Rights means any modification to, consent under or waiver in respect of, any term of any Common Document if the proposed modification, consent or waiver:

- (a) would delay the date fixed for payment of any amount of the debt owed to the relevant Obligor Secured Creditor or would reduce the amount payable in respect of such debt;

- (b) other than pursuant to an Obligor Acceleration Notice, would bring forward the date fixed for payment of principal, interest or other amount in respect of the debt owed to an Obligor Secured Creditor or would increase the amount of principal or other amount or the rate of interest payable on any date in respect of the debt owed to the Obligor Secured Creditor;
- (c) would have the effect of adversely changing any of the Borrower Payment Priorities or application thereof in respect of an Obligor Secured Creditor (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change), where **adversely** means, in respect of any change to the Borrower Payment Priorities, a change which has the effect of changing the priority of the Obligor Secured Creditors relative to each other provided that the creation of payments which rank subordinate to an Obligor Secured Creditor shall not be an adverse change in respect of such Obligor Secured Creditor;
- (d) would have the effect of adversely changing the Prepayment Principles, where **adversely** means, in respect of any change to the Prepayment Principles, a change which has the effect of changing the priority of or amounts payable to the Obligor Secured Creditors relative to each other provided that the creation of payments which rank subordinate to an Obligor Secured Creditor shall not be an adverse change in respect of such Obligor Secured Creditor;
- (e) would change or would have the effect of changing:
 - (i) any of the following definitions: Affected Obligor Secured Creditor, Affected Issuer Secured Creditor, Qualifying Debt, Voted Qualifying Debt, Qualifying Secured Creditors, Participating Secured Creditors, Secured Creditor Representatives, STID Proposal, Discretion Matters, Ordinary Voting Matters, Extraordinary Voting Matters, Enforcement Instruction Notice, Further Enforcement Instruction Notice, Reserved Matters, Entrenched Rights, Obligor Secured Liabilities and/or Distressed Disposal;
 - (ii) the Decision Period, Quorum Requirement or voting majority required in respect of any Ordinary Voting Matter, Extraordinary Voting Matter, Enforcement Instruction Notice, Further Enforcement Instruction Notice or OSC Instruction Notice;
 - (iii) any of the matters that give rise to Entrenched Rights under the STID or certain provisions in the STID relating to Entrenched Rights; or
- (f) would have the effect of changing or would relate to the currency of payments due in respect of the debt owed to the relevant Obligor Secured Creditor (other than due to the United Kingdom becoming one of the countries participating in the third stage of European economic and monetary union pursuant to the Treaty or otherwise participating in European economic and monetary union in a manner with similar effect to such third stage);
- (g) would have the effect of changing or would relate to the rights of the relevant debt provider to receive any sums owing to it for its own account in respect of fees, costs, charges, liabilities, taxes, damages, proceedings, claims and demands in relation to any Obligor Transaction Document to which it is a party;
- (h) would change or would relate to any existing obligation of an Obligor to gross up any payment in respect of the debt owed to the relevant Obligor Secured Creditor in the event of the imposition of withholding taxes (including, in the case of the Issuer, any Issuer Secured Creditor that would be adversely affected by such change);

- (i) would change or have the effect of changing certain provisions of the STID relating to notice given to the Secured Creditor Representatives;
- (j) would change or have the effect of changing the Reserved Matters as set out in the STID;
- (k) would have the effect of changing the nature or the scope or would release any of the Obligor Security (unless equivalent replacement security is taken at the same time) unless such release is permitted in accordance with the terms of the Common Documents (and for the avoidance of doubt, the taking of any Enforcement Action shall not be an Entrenched Right);
- (l) in respect of each LF Provider, would affect the ability of such LF Provider to enforce its rights under the Liquidity Facilities Agreement;
- (m) would effect the exchange, conversion or substitution of the debt owed to the relevant Obligor Secured Creditor for, or their conversion into, shares, notes or other obligations or securities of the Borrower or any other person or body corporate formed or to be formed;
- (n) would change or have the effect of changing the definitions of Obligor Acceleration Notice or Obligor Enforcement Notice or the consequences of the delivery of an Obligor Enforcement Notice or an Obligor Acceleration Notice;
- (o) would amend any definition contained in the MDA which is incorporated into an Issuer Transaction Document (other than the CTA and STID to the extent the definition being amended is not also used in another Issuer Transaction Document) (and, for the avoidance of doubt, in respect thereof the Issuer shall be an Affected Obligor Secured Creditor and the Issuer Secured Creditor party to such Issuer Transaction Document shall be an Affected Issuer Secured Creditor) or an Obligor Transaction Document (other than the CTA and the STID to the extent the definition being amended is not also used in another Obligor Transaction Document); and
- (p) result in an increase in or would adversely modify such Obligor Secured Creditor's obligations or liabilities under or in connection with the STID and/or any other Common Document.

Excluded Tax means, in relation to any person, any:

- (a) Tax imposed on or calculated by reference to the net income, profits or gains of that person, in each case excluding any deemed income, profits or gains of that person other than to the extent such deemed income, profits or gains are matched by any actual income, profits or gains of an Affiliate of that person; and
 - (b) Tax that arises from the fraud, gross negligence or wilful default of the relevant person,
- in each case including any related costs, fines, penalties or interest (if any).

Extraordinary Resolution means:

- (a) a resolution passed at a meeting duly convened and held in accordance with the Note Trust Deed by a majority consisting of not less than three-fourths of the Eligible Persons (as defined in the Note Trust Deed) voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on such poll; or

- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than three-fourths in aggregate Principal Amount Outstanding of the relevant Notes which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant Noteholders.

Fixed Rate Notes means Notes which accrue interest at a fixed rate or linked to an index.

Full Valuation means a valuation report prepared and issued by the Valuer and addressed to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Obligor Facility Providers and any Hedge Counterparties valuing the Obligors' interests in the Properties as at each Test Date and which is carried out on a market value basis as defined in the then current Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards (or its successors) and which includes the current open market value of each Property.

Good Industry Practice means the standards, practices, methods and procedures as practised in the United Kingdom conforming to all applicable laws and the degree of skill, diligence, prudence and foresight which would reasonably be expected from a person undertaking the management and operation of properties comparable to the Properties.

Hedge means any interest rate hedge the Borrower or the General Partners for and on behalf of the Limited Partnerships may enter into with Hedge Counterparties under Hedging Agreements in accordance with the CTA.

Hedge Collateral Excluded Amounts means, prior to the discharge by an Obligor of all of its obligations under a Hedging Agreement, any amounts of collateral provided by the Hedge Counterparty to an Obligor in respect of such Hedging Agreement, the amount of any cash benefit in respect of a Tax Credit received by an Obligor that the Obligor is required to pay to the Hedge Counterparty under such Hedging Agreement, and any Hedge Replacement Premium received by an Obligor in respect of such Hedging Agreement.

Hedge Counterparty means each counterparty other than an Obligor under a Hedging Agreement.

Hedge Counterparty Minimum Ratings means the unsecured debt obligations of the relevant Hedge Counterparty (or, if applicable, any guarantor of such Hedge Counterparty) being rated by the Rating Agencies at such ratings as would not lead to any downgrade of the then current ratings of the Notes or the placing on "Credit Watch Negative" (or equivalent) of the Notes.

Hedge Replacement Premium means a premium or upfront payment received by an Obligor from a replacement hedge counterparty under a replacement hedging agreement entered into with an Obligor.

Hedging Agreement means each ISDA Master Agreement (including any credit support annex thereto and any confirmations entered into thereunder) between (i) either the Borrower or the General Partners on behalf of the relevant Limited Partnerships and (ii) a Hedge Counterparty.

Holding Company of any person, means a person in respect of which that other person is a Subsidiary.

Insolvency Event means, in respect of any company:

- (a) the initiation of or consent to Insolvency Proceedings by such company or any other person or the presentation of a petition or application for the making of an administration order which proceedings (in respect of an Obligor or the Issuer (in respect of the Issuer) (as applicable)) are not, in the opinion of the Obligor Security Trustee or the Issuer

Security Trustee (respectively), being disputed in good faith with a reasonable prospect of success;

- (b) an encumbrancer (excluding, in relation to an Obligor, the Obligor Security Trustee or any receiver appointed by the Obligor Security Trustee and, in relation to the Issuer, the Issuer Security Trustee or any receiver appointed by the Issuer Security Trustee) taking possession of the whole or any part of the undertaking or assets of such company;
- (c) any distress, execution, attachment, diligence or other process being levied or enforced or imposed upon or against the whole or any substantial part of the undertaking or assets of such company (excluding, in relation to an Obligor, the Obligor Security Trustee or any receiver appointed by the Obligor Security Trustee and, in relation to the Issuer, by the Issuer Security Trustee or any receiver appointed by the Issuer Security Trustee) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days;
- (d) the making of an arrangement, composition, scheme of arrangement, reorganisation with or conveyance to or assignment or assignation for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally;
- (e) the passing by such company of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up, liquidation or dissolution of such company (except, in the case of the Issuer, a winding up for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Issuer Security Trustee or by an Extraordinary Resolution of the Noteholders of each class of the Notes);
- (f) subject to the other paragraphs of this definition, the appointment of an Insolvency Official in relation to such company or in relation to the whole or any substantial part of the undertaking or assets of such company;
- (g) save as permitted (in the case of an Obligor) in the STID or (in the case of the Issuer) in the Issuer Deed of Charge, the cessation or suspension of payment of its debts generally or a public announcement by such company of an intention to do so; or
- (h) save as provided (in the case of an Obligor) in the STID or (in the case of the Issuer) in the Issuer Deed of Charge, a moratorium is declared in respect of any indebtedness of such company.

Insolvency Official means, in connection with any Insolvency Proceedings in relation to a company, a liquidator, provisional liquidator, administrator, administrative receiver, receiver, manager, nominee, supervisor, trustee, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors.

Insolvency Proceedings means in respect of any company or limited partnership, the winding-up, liquidation, dissolution or administration of such company or limited partnership, or any equivalent or analogous proceedings under the law of the jurisdiction in which such company or limited partnership is incorporated or established or of any jurisdiction in which the company or limited partnership carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

Insurance Policies means any policy of insurance or assurance in which each General Partner (on behalf of its respective Limited Partnership) may at any time have an interest entered into in respect of the Properties in accordance with the CTA.

Intellectual Property means in relation to each Obligor (i) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist) of that Obligor, whether registered or unregistered and (ii) the benefit of all applications and rights to use such assets (which may now or in the future subsist) of that Obligor.

Interest Payment Date in respect of: (i) any Notes, has the meaning given to it in the applicable Conditions; (ii) the Issuer/Borrower Facilities Agreement, means each Loan Interest Payment Date as defined therein; (iii) any other Issuer Transaction Document, means each of 30 June, 30 September, 31 December and 31 March in each year or, if such date is not a Business Day, the immediately preceding Business Day; (iv) each other Obligor Facility Agreement, means the interest payment dates specified therein; and (v) any other case (including, for the avoidance of doubt, for the purposes of Schedule 8 to the CTA), 31 March, 30 June, 30 September and 31 December in each year (or, if such day is not a Business Day, the immediately preceding Business Day).

Intra-Group Payment means each payment by a Limited Partnership to the Borrower in accordance with the Prepayment Principles or by the Borrower to a Limited Partnership pursuant to the applicable Borrower Payment Priorities.

Investor Presentation means any written investor presentation used in connection with marketing of the Notes for purposes of investor meetings.

Investor Report means the duly completed quarterly investor report to be prepared in accordance with the CTA.

Issuer Liquidity Facility Commitment means the Issuer Liquidity Facility being £7,150,000 at the date of the Liquidity Facilities Agreement to the extent not cancelled, transferred, increased or reduced under the Liquidity Facilities Agreement.

Issuer Liquidity Loan means a Liquidity Loan made by or on behalf of the Issuer in respect of an Issuer Liquidity Shortfall.

Issuer Liquidity Shortfall means, in respect of any Interest Payment Date, the amount as determined by the Issuer Cash Manager by which the funds in the Issuer Transaction Account on the relevant Interest Payment Date are or are projected to be less than amounts scheduled to be paid in respect of items (a) to (e) of the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities or items (a) to (e) (inclusive) of the Issuer Post-Acceleration Pre-Enforcement Payment Priorities, as the case may be.

Issuer Liquidity Shortfall Amount means (after taking into account funds available for drawing from the Issuer Liquidity Reserve Account but excluding amounts available pursuant to the Liquidity Facilities Agreement), with respect to any Interest Payment Date, the amount (as determined by the Issuer Cash Manager or, in the absence of determination by the Issuer Cash Manager, by the Issuer) by which the funds in the Issuer Transaction Account on such Interest Payment Date shall be less than the amounts scheduled to be paid in respect of items (a) to (e) (inclusive) of the Issuer Pre-Acceleration Pre-Enforcement Payment Priorities or items (a) to (e) inclusive of the Issuer Post-Enforcement Pre-Acceleration Payment Priorities.

Issuer Liquidity Standby Drawing means a Liquidity Standby Drawing made by or on behalf of the Issuer.

Issuer Profit Amount means £1,200 per annum.

Issuer Secured Creditor Entrenched Right means, in respect of an Issuer Secured Creditor, any modification, consent, direction or waiver in respect of an Issuer Transaction Document (other than a Common Document) that would:

- (a) result in an increase in or would adversely modify such Issuer Secured Creditor's obligations or liabilities under such Issuer Transaction Document;
- (b) have the effect of adversely changing the Issuer Payment Priorities or application thereof in respect of such Issuer Secured Creditor where **adversely** means, in respect of any change to the Issuer Payment Priorities, a change which has the effect of changing the priority of the Issuer Secured Creditors relative to each other provided that the creation of payments which rank subordinate to an Issuer Secured Creditor shall not be an adverse change in respect of such Issuer Secured Creditor;
- (c) release any Issuer Security (except where such release is expressly permitted by the Issuer Deed of Charge);
- (d) alter adversely the voting entitlement or rights in relation to Entrenched Rights of such Issuer Secured Creditor under the STID, the Note Trust Deed and/or the Conditions (as applicable);
- (e) in respect of the LF Provider, would affect the ability of such LF Provider to enforce its rights in respect of the Issuer Liquidity Facility under the Liquidity Facilities Agreement;
- (f) amend the provision of the Issuer Deed of Charge relating to Issuer Secured Creditor Entrenched Rights; or
- (g) amend this definition.

Issuer Transaction Documents means as follows:

- (a) the Note Trust Deed;
- (b) the Issuer Deed of Charge;
- (c) the Issuer Cash Management Agreement;
- (d) the Agency Agreement;
- (e) the Issuer Account Bank Agreement;
- (f) the Issuer/Borrower Facilities Agreement;
- (g) the MDA;
- (h) the CTA;
- (i) the STID;
- (j) the Liquidity Facilities Agreement;
- (k) the Tax Deed of Covenant;
- (l) Corporate Services Agreement; and

- (m) any other agreement, instrument or deed designated by the Issuer and the Issuer Security Trustee as an Issuer Transaction Document.

LF Finance Documents means the Liquidity Facilities Agreement, any fee letter delivered pursuant to the Liquidity Facilities Agreement, any request for a LF Loan in the form provided in the Liquidity Facilities Agreement, any assignment agreement in accordance with the Liquidity Facilities Agreement, any request for extension of the Liquidity Facility substantially in the form as per the Liquidity Facilities Agreement, any notice from the LF Provider to the Limited Partnerships, the Issuer, the Obligor Cash Manager and the Issuer Cash Manager in accordance with the Liquidity Facilities Agreement, the Obligor Security Documents, the CTA, the Issuer Deed of Charge, the STID, the Issuer Cash Management Agreement and the MDA and any other document designated as such upon agreement by the LF Provider, the General Partners for and on behalf of the Limited Partnerships and the Issuer (each a **LF Finance Document**).

Liabilities means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceedings or other liability whatsoever (including in respect of taxes, duties, levies, imposts and other charges including, in each case, any related costs, fines, penalties or interest (if any), but excluding any Excluded Tax) and legal and other professional fees.

Liquidity Facility Drawdown Date means the date of an advance of a LF Loan.

Liquidity Loan means the principal amount of each drawing made under the Liquidity Facility Agreement entitled as such or the principal amount outstanding of that drawing (and, for the avoidance of doubt, includes a Liquidity Standby Account Drawing) but shall not include a Liquidity Standby Drawing).

Majority Lenders has the meaning given to it in the relevant Obligor Facility Agreement or, for the purposes of the CTA and the STID in the case of a bilateral facility, the relevant Obligor Facility Provider.

Material Adverse Effect means, with respect to the Obligors or the Issuer, any effect which is (a) materially adverse to the ability of an Obligor or the Issuer (respectively) to perform or comply with its payment or financial covenant obligations under the Obligor Security Documents or the Issuer Deed of Charge (respectively), or (b) is materially adverse to: (i) (subject to the Reservations) the validity, legality or enforceability of any Obligor Transaction Document or Issuer Transaction Document (respectively); or (ii) (subject to the Reservations), the validity, legality or enforceability of any Security Interest granted under any Obligor Security Documents or the Issuer Deed of Charge (respectively) or to the priority and ranking of any such Security Interest; or (iii) the business or financial condition of the Obligors (taken as a whole) or the Issuer (respectively).

Obligor Acceleration Notice means a notice given by the Obligor Security Trustee (copied to the Rating Agencies) pursuant to the STID by which the Obligor Security Trustee declares that all Obligor Secured Liabilities shall be accelerated.

Obligor Enforcement Notice means a notice given by the Obligor Security Trustee to the Borrower (copied to the Rating Agencies) pursuant to the STID declaring any Obligor Security to be enforceable.

Obligor Liquidity Facility Commitment means the Obligor Liquidity Facility being £850,000 at the date of the Liquidity Facilities Agreement to the extent not cancelled, transferred, increased or reduced under the Liquidity Facilities Agreement.

Obligor Liquidity Loan means a Liquidity Loan in an amount equal to the Obligor Liquidity Shortfall Amount made by or on behalf of the Obligor.

Obligor Liquidity Shortfall Amount means (after taking into account funds available for drawing from the Obligor Liquidity Reserve Account, but excluding amounts available pursuant to the Liquidity Facilities Agreement), with respect to any Interest Payment Date, the amount as determined by the Obligor Cash Manager (or, in the absence of determination by the Obligor Cash Manager, the Borrower) by which the funds in the Borrower Account on such Interest Payment Date available to pay:

- (a) prior to an Obligor Enforcement Notice, items (a) to (f) (inclusive) (but, for the avoidance of doubt, excluding funds available to pay items (a)(ii), (b)(vi), (d)(iii), (d)(iv), (e)(ii), (f)(i) and (f)(iii)) of the Borrower Pre-Enforcement Pre-Acceleration Priorities of Payment are or will be less than the amounts scheduled to be paid in respect of items (a) to (f) (inclusive) (but, for the avoidance of doubt, excluding amounts scheduled to be paid in respect of items (a)(ii), (b)(vi), (d)(iii), (d)(iv), (e)(ii), (f)(i) and (f)(iii)) of the Borrower Pre-Enforcement Pre-Acceleration Priorities of Payment; or
- (b) following an Obligor Enforcement Notice, items (a) to (f) (inclusive) (but, for the avoidance of doubt, excluding funds available to pay items (a)(ii), (b)(vi), (d)(iii), (d)(iv), (e)(ii), (f)(i) and (f)(iii)) of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities are or will be less than the amounts scheduled to be paid in respect of items (a) to (f) (inclusive) (but, for the avoidance of doubt, excluding amounts scheduled to be paid in respect of items (a)(ii), (b)(vi), (d)(iii), (d)(iv), (e)(ii), (f)(i) and (f)(iii)), of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities.

Obligor Liquidity Standby Drawing means a Liquidity Standby Drawing made by or on behalf of the Limited Partnerships.

Obligor Secured Liabilities means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Obligor Secured Creditor under each Obligor Transaction Document to which such Obligor is a party.

Obligor Transaction Documents means the following documents to be entered into on or following the Closing Date:

- (a) the CTA;
- (b) the STID;
- (c) the MDA;
- (d) the Issuer/Borrower Facilities Agreement;
- (e) the Revolving Credit Facility Agreement;
- (f) the Liquidity Facilities Agreement;
- (g) any Permitted Facility Agreements;
- (h) each Hedging Agreement;
- (i) the Obligor Security Documents;
- (j) the Obligor Account Bank Agreement;
- (k) the Duty of Care Deed;

- (l) each Beneficiary Undertaking;
- (m) each declaration of trust granted by each pair of Nominees which holds the legal title to a Property on behalf of a Limited Partnership in favour of such Limited Partnership which is delivered in satisfaction of the conditions precedent (a **Declaration of Trust**);
- (n) each fee letter dated on or about the Closing Date between each Nominee and its Limited Partnership and each other fee letter in substantially similar form between a Nominee and its Limited Partnership (a **Nominee Fee Letter**);
- (o) the Intra-Group Agreement;
- (p) the Property and Asset Management Agreement;
- (q) the Operating Agreement;
- (r) the Tax Deed of Covenant; and
- (s) any document designated as such by the Obligor Security Trustee and the Borrower.

Ordinary Resolution means a resolution in respect of an Ordinary Voting Matter.

Outstanding Principal Amount means:

- (a) in respect of any Obligor Facilities that are loans, the principal amount (or the equivalent amount) of any commitment under such Obligor Facility if not fully drawn and otherwise, or following an Obligor Event of Default, the drawn amounts outstanding;
- (b) subject to the provision of the STID, in respect of any Hedging Agreement, the amount (if any) that would be payable to the relevant Hedge Counterparty if an early termination date was to be or has been designated on such date in respect of the transaction or transactions arising under the ISDA Master Agreement (including the Schedule thereto) governing such transaction or transactions and subject to the CTA; and
- (c) in respect of any other Obligor Secured Liabilities, the outstanding principal amount thereof on such date in accordance with the relevant Obligor Transaction Document,

on the date on which the Qualifying Secured Creditors have been notified of a STID Voting Request, an Enforcement Instruction Notice or Further Enforcement Instruction Notice or on such other date that the same falls to be determined, as the case may be, all as most recently certified or notified to the Obligor Security Trustee, where applicable, pursuant to the STID.

Participating Secured Creditors means the Qualifying Secured Creditors which actually participate in a vote on any STID Proposal or other matter pursuant to the STID.

Potential Issuer Event of Default means any event which (with the passage of time, the giving of notice, the making of any determination or any combination of any of the foregoing) could reasonably be expected to become an Issuer Event of Default.

Potential Obligor Event of Default means any event which (with the passage of time, the giving of notice, the making of any determination or any combination of any of the foregoing) could reasonably be expected to become an Obligor Event of Default.

Qualifying Debt means:

- (a) the Outstanding Principal Amount under the Issuer/Borrower Facilities corresponding to the Notes;

- (b) the Outstanding Principal Amount under the Revolving Credit Facility;
- (c) the Outstanding Principal Amount under any other Permitted Facilities (but, for the avoidance of doubt, excluding the Obligor Liquidity Facility or any replacement thereof); and
- (d) the Outstanding Principal Amount of any Hedges.

Qualifying Secured Creditors means one or more Obligor Secured Creditors or, in the case of the Issuer, the Note Trustee entitled to vote on an Ordinary Voting Matter, Extraordinary Voting Matter, Entrenched Rights, Enforcement Instruction Notice or Further Enforcement Instruction Notice, as the case may be, in accordance with the STID.

Quarter means a three consecutive months beginning on 1 January, 1 April, 1 July and 1 October in each year.

Quarterly Valuation means a "desktop" valuation prepared by and issued by the Valuer and addressed to the Obligor Security Trustee, the Issuer Security Trustee, the Note Trustee, the Obligor Facility Providers and any Hedge Counterparties valuing the Obligors' interests in the Properties as at each Test Date and which is carried out on a market value basis as defined in the then current Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards (or its successors) and which includes the current open market value of each Property.

Quasi-Security means any arrangement which effectuates:

- (a) a sale, transfer or other disposal of any assets of any Obligor on terms whereby they are or may be leased to or re-acquired by any member of the Obligor Group;
- (b) a sale, transfer or other disposal of any receivables of any Obligor on recourse terms;
- (c) an entry into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (d) an entry into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset or service.

RCF Allocation means an amount equal to the proportion of the Outstanding Principal Amount under the Revolving Credit Facility bears to the Outstanding Principal Amount of all Obligor Facilities on the relevant date of each amount previously deposited into the Lock-Up Accounts and/or the Cure Deposit Accounts (as applicable).

Relevant Issuer Liquidity Standby Drawing means an Issuer Liquidity Standby Drawing that has become repayable in accordance with the Liquidity Facilities Agreement on and from the fifth anniversary of its drawing.

Relevant Liquidity Standby Drawing means a Liquidity Standby Drawing that has become repayable in accordance with the Liquidity Facility Agreement on and from the fifth anniversary of its drawing.

Relevant Obligor Liquidity Standby Drawing means an Obligor Liquidity Standby Drawing that has become repayable in accordance with the Liquidity Facilities Agreement on and from the fifth anniversary of its drawing.

Rental Income means (without double-counting) all sums paid or payable to or for the benefit of any Obligor arising from the letting, use or occupation of all or any part of any Property, including, without limitation:

- (a) rents, licence fees and equivalent sums reserved or made payable, whether under a Lease Document, Nomination Agreement or otherwise;
- (b) sums received from any deposit (together with any interest thereon) held as security for performance of any tenant's obligations to the extent such sums are applied to satisfy non payment obligations of a tenant under its Direct Occupational Lease;
- (c) any other moneys payable in respect of use and/or occupation;
- (d) proceeds of insurance in respect of loss of rent or interest on rent;
- (e) receipts from or the value of consideration given for the grant, surrender, renunciation or variation of any Lease;
- (f) proceeds paid by way of reimbursement of expenses incurred or on account of expenses to be incurred in the management, maintenance and repair of, and the payment of insurance premiums for, a Property;
- (g) proceeds paid for a breach of covenant or undertaking under any Lease in relation to a Property and for expenses incurred in relation to any such breach;
- (h) any contribution to a sinking fund paid by a tenant of a Property or pursuant to a Nomination Agreement;
- (i) any contribution by an occupational tenant of a Property or pursuant to a Nomination Agreement to ground rent due under any Lease out of which an Obligor derives its interest in that Property;
- (j) any payment from a guarantor or other surety in respect of any of the items listed in this definition;
- (k) interest, damages or compensation in respect of any of the items contained within this definition;
- (l) any other ancillary income arising from the ownership and operation of the Properties;
- (m) any amount which represents VAT chargeable in respect of any sums specified in paragraphs (a) to (l) inclusive above; and
- (n) VAT Recoveries.

Repayment Costs means (i) any amounts of interest required to be paid by the Issuer under the Notes that the Issuer has not received or will not receive on the corresponding Issuer/Borrower Loan in accordance with the terms of the Issuer/Borrower Facilities Agreement as a result of a prepayment of that Issuer/Borrower Loan on any date prior to the Interest Payment Date on which the Notes are redeemed (that is not otherwise provided for under the relevant Issuer/Borrower Loan) (ii) any additional premium payable by the Issuer in respect of the redemption of any Fixed Rate Notes on that Interest Payment Date in accordance with Condition 6.4 (Redemption) upon repayment or prepayment of the Initial Issuer/Borrower Loans.

Reservations means:

- (a) the principle that equitable remedies and awards of enforcement costs are remedies which may be granted or refused at the discretion of the court;
- (b) the limitation on enforcement as a result of laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors;
- (c) the principle that certain types of security expressed to take effect as fixed security may, as a result of the ability of the Obligor to deal with the assets subject to that security on terms permitted under the Obligor Transaction Documents, take effect as floating security;
- (d) the requirement that an assignment or assignation must be notified to the relevant debtor if it is to take effect as a legal assignment or a valid assignation under Scots law;
- (e) the principle that, if security is purported to be created (or an assignment or assignation is purported to be made) by an Obligor in breach of any prohibition imposed on that Obligor creating security over (or assigning) that asset, this may affect the validity of the security purported to be created;
- (f) the time barring of claims under the Limitation Acts (or, in Scotland, the Prescription and Limitation (Scotland) Act 1973);
- (g) rules against perpetuities and similar principles; and
- (h) other reservations of law set out in the legal opinions provided to the Issuer and the Bookrunners on the Closing Date.

Restricted Loan means a loan made available by an Obligor to any shareholder, partner or other member of the Unite Group or an Affiliate of the UNITE Fund out of funds standing the credit of a General Account.

Scottish Floating Charge means each first ranking floating charge governed by Scots law substantially in the form scheduled to the Obligor Deed of Charge and granted by each relevant Obligor in favour of the Obligor Security Trustee as security for the Obligor Secured Liabilities, over such of their respective assets and undertaking as are located in or governed by the laws of Scotland.

Security Account means in relation to each Obligor:

- (a) each of the Borrower Account, each Borrower Hedge Collateral Account, the Obligor Liquidity Standby Account, the Obligor Liquidity Reserve Account, each Sinking Fund Account, each LP Hedge Collateral Account, each General Account, each Disposal Proceeds Account, each Defeasance Account, each Cure Deposit Account, each Lock-Up Account, each Commercial Rent Deposit Account, each Student Rent Deposit Account, each Management Company Account and the VAT Account; and
- (b) any other bank account opened or maintained by each Obligor.

Security Interest means any mortgage, standard security, pledge, lien, charge (fixed and/or floating), security assignment, assignation in security, retention of title, hypothecation, security interest or any other agreement or arrangement (such as sale or lease and leaseback, a blocked account, set-off or similar "flawed asset" arrangement), in each case where it has a commercial effect analogous to the conferring of security.

Senior Debt means any Financial Indebtedness of the Obligors that is not Subordinated Debt, including under:

- (a) the Issuer/Borrower Facilities;
- (b) the Revolving Credit Facility;
- (c) the Obligor Liquidity Facility and (for the purposes of the Prepayment Principles only) the Issuer Liquidity Facility;
- (d) any Hedges entered into after the Closing Date; and
- (e) any Permitted Facilities entered into after the Closing Date.

Tax Authority means any government, state or municipality or any local, state, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function (including (without limitation) the United Kingdom HMRC and any successors thereto).

Tax Credit means a credit against, relief or remission for, or repayment of, any Tax (and shall include any credit, relief, rebate or repayment of any tax by virtue of a double taxation treaty).

Valuation means a Full Valuation or a Quarterly Valuation (as applicable), together, the **Valuations**.

VAT Recoveries means any credit, repayment or other sum (including, any sums which represent interest, repayment supplements or compensation) received from HM Revenue and Customs by or on behalf of the Obligors in respect of VAT incurred or deemed to be incurred by the Obligors in connection with the Properties.

SECURITY TRUST AND INTERCREDITOR DEED

General

The intercreditor arrangements (the **Intercreditor Arrangements**) will be contained in the STID and, in relation to the Issuer, also in the Issuer Deed of Charge. The relevant Intercreditor Arrangements will bind each of the Obligor Secured Creditors (including the Issuer as an Obligor Secured Creditor), the Issuer Secured Creditors (together, the **Secured Creditors**) and each of the Obligors.

The Obligor Secured Creditors will include all Obligor Facility Providers that enter into or accede to the STID (including the Issuer as provider of the Issuer/Borrower Facilities). The Issuer Secured Creditors will enter into or accede to the Issuer Deed of Charge. Any new PF Provider to the Limited Partnerships (including any new RCF Provider or new LF Provider) or any Hedge Counterparty will be required to accede to the STID, the CTA and the MDA.

The STID also contains provisions restricting the rights of Subordinated Creditors, where **Subordinated Creditors** means those parties named as such in the CTA as at the Closing Date and any creditor which accedes to the CTA and the STID as a subordinated creditor.

The purpose of the Intercreditor Arrangements is to regulate, among other things: (a) the claims of the Obligor Secured Creditors; (b) the exercise, acceleration and enforcement of rights by the Obligor Secured Creditors; (c) the rights of the Obligor Secured Creditors through their representative for the purposes of the STID and the CTA which, in respect of the Hedge Counterparties will be each individual Hedge Counterparty who will vote (if applicable) individually representing themselves (the **Secured Creditor Representatives**) to instruct the Obligor Security Trustee; (d) the Entrenched Rights and the Reserved Matters of the Obligor Secured Creditors; and (e) the giving of consents and waivers under and the making of modifications to the CTA, the MDA, the STID and any other agreement, instrument or deed designated by the Obligor Security Trustee and at least one Obligor as a Common Document (together, the **Common Documents**).

Modifications, consents and waivers

Subject to Entrenched Rights and Reserved Matters (which will always require the consent of, in the case of Entrenched Rights, each Obligor Secured Creditor (an **Affected Obligor Secured Creditor**) (and, where the Issuer is an Affected Obligor Secured Creditor, each affected Issuer Secured Creditor (an **Affected Issuer Secured Creditor**)) whose Entrenched Rights are affected by a proposal or request made by an Obligor in accordance with the STID proposing or requesting the Obligor Security Trustee to concur in making any modification, giving any consent under or granting any waiver in respect of any Common Documents or (other than where it is a Discretion Matter) other documents to which the Obligor Security Trustee is a party or over which the Obligor Security Trustee has the benefit of the Obligor Security (a **STID Proposal**) given by the Borrower to the Obligor Security Trustee pursuant to the STID (together the **Affected Secured Creditors**) and, in the case of Reserved Matters, only the relevant Obligor Secured Creditors) and Discretion Matters, the Obligor Security Trustee will only agree to making any modification to, giving any consent under or granting any waiver in respect of any Common Documents or other document to which the Obligor Security Trustee is a party or over which the Obligor Security Trustee has the benefit of the Obligor Security with the consent of, or if so instructed by, the relevant majority of Qualifying Secured Creditors by reference to the Outstanding Principal Amount of the Qualifying Debt of the Participating Secured Creditors voting in accordance with the STID (the **Voted Qualifying Debt**), provided that the required quorum in respect of voting matters, being one or more Participating Secured Creditors representing, in aggregate, at least the specified percentage

(where applicable) of the Outstanding Principal Amount of all Qualifying Debt as set out in the STID (the **Quorum Requirement**) has been met.

Subject to Entrenched Rights and Reserved Matters, the Obligor Security Trustee will, without the sanction of any Obligor Secured Creditor (and without this being the subject of a STID Proposal), concur with any Obligor to make any modification to any Obligor Transaction Document to which it is a party or other document over which it has the benefit of the Obligor Security that is requested by an Obligor to comply with any (a) criteria of the Rating Agencies which may be published after the Closing Date which modification the relevant Obligor certifies to the Obligor Security Trustee is required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Notes or (b) requirements which apply to it under Regulation (EU) 648/2012 (the **European Market Infrastructure Regulation** or **EMIR**), subject to the receipt by the Obligor Security Trustee of certain certifications from the relevant Obligor and to the Obligor Security Trustee being of the opinion that any such changes would not have certain effects in relation to itself, provided that the relevant parties to such Obligor Transaction Documents or other documents shall have agreed in writing to such modification (except in the case of a Common Document). The Obligor Security Trustee will be entitled to rely on an Obligor's designation of any modification as falling within (a) or (b) above and the Obligor Secured Creditors will have no right to disagree with such designation.

Quorum requirements and voting majority

Pursuant to the terms of the STID, the Decision Period in respect of an Ordinary Voting Matter or an Extraordinary Voting Matter (as applicable) is not less than 15 Business Days from the date of the STID Voting Request and the Quorum Requirement in respect of an Ordinary Voting Matter or an Extraordinary Voting Matter (as applicable) is one or more Participating Secured Creditors representing in aggregate at least 20 per cent. of the entire Outstanding Principal Amount of all Qualifying Debt.

If the initial Quorum Requirement for an Ordinary Voting Matter or an Extraordinary Voting Matter (as applicable) is not met by the Business Day immediately preceding the last day of the Decision Period, the Decision Period will be extended by a further ten Business Days and the Quorum Requirement will reduce to one or more Participating Secured Creditors representing in aggregate at least ten per cent. of the entire Outstanding Principal Amount of all Qualifying Debt.

A resolution will be passed:

- (a) for an Ordinary Voting Matter, by simple majority of the Voted Qualifying Debt; and
- (b) for an Extraordinary Voting Matter, by more than 66⅔ per cent. of the Participating Secured Creditors by reference to the aggregate Outstanding Principal Amount of the Voted Qualifying Debt.

In relation to enforcement, the Decision Period is 20 Business Days from the date of the Enforcement Instruction Notice or the Further Enforcement Instruction Notice (each as defined below) (as applicable) and the Quorum Requirement will be:

- (a) within and including 12 months after the occurrence of an Obligor Event of Default where a notice by the Obligor Security Trustee requesting an instruction from the Qualifying Secured Creditors (through their Secured Creditor Representatives) as to whether the Obligor Security Trustee should (i) deliver an Obligor Enforcement Notice to enforce all or part of the Obligor Security, and/or (ii) deliver an Obligor Acceleration Notice to accelerate all of the Obligor Secured Liabilities (an **Enforcement Instruction Notice**) or following the delivery of an Obligor Enforcement Notice, a notice by the Obligor Security Trustee requesting an instruction from the Qualifying Secured Creditors

(through their Secured Creditor Representatives) as to whether the Obligor Security Trustee should deliver an Obligor Acceleration Notice to accelerate all of the Obligor Secured Liabilities (a **Further Enforcement Instruction Notice**) is delivered, one or more Qualifying Secured Creditors representing in aggregate at least 50 per cent. of the entire Outstanding Principal Amount of all Qualifying Debt; and

- (b) after 12 months of the occurrence of an Obligor Event of Default where an Enforcement Instruction Notice or Further Enforcement Instruction Notice is delivered, one or more Qualifying Secured Creditors representing in aggregate at least 33.33 per cent. of the entire Outstanding Principal Amount of all Qualifying Debt.

The majority required to pass a resolution to enforce will be the Participating Secured Creditors on a pound for pound basis representing at least the Relevant Percentage of the aggregate Outstanding Principal Amount of all Voted Qualifying Debt, where **Relevant Percentage** for this purpose means:

- (a) 66.67 per cent in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered up to and including the date falling 12 months after the occurrence of the relevant Obligor Event of Default; and
- (b) 50 per cent in respect of any Enforcement Instruction Notice or Further Enforcement Instruction Notice delivered at any time following the date falling 12 months after the occurrence of the relevant Obligor Event of Default,

The Borrower is entitled to provide the Obligor Security Trustee with written notice requesting any STID Proposal. The notice will certify whether such STID Proposal is a Discretion Matter (if in relation to a Common Document), an Ordinary Voting Matter or an Extraordinary Voting Matter or whether it gives rise to an Entrenched Right and stating the relevant Decision Period. If the STID Proposal is in relation to a Discretion Matter (relating to a Common Document), the Borrower must also provide further information evidencing this status. If the STID Proposal is in relation to an Entrenched Right, the Borrower must include information as to the Affected Secured Creditors. No STID Proposal will be required for a modification, consent or waiver (that is a Discretion Matter) relating to an Obligor Transaction Document which is not a Common Document or a document over which the Obligor Security Trustee has the benefit of the Obligor Security.

The Obligor Security Trustee will, within five Business Days of receipt of a STID Proposal, send a request (a **STID Voting Request**) in respect of any Ordinary Voting Matter, Extraordinary Voting Matter or Entrenched Right to each Obligor Secured Creditor and Issuer Secured Creditor (in each case, through its Secured Creditor Representative, which (in respect of the Issuer) shall be the Note Trustee on behalf of the Noteholders in respect of the Issuer/Borrower Loans and the Issuer Security Trustee in respect of each other Issuer Secured Creditor. If the STID Proposal gives rise to an Entrenched Right, the STID Voting Request will contain a request that each relevant Affected Obligor Secured Creditor (including, where the Issuer is an Affected Obligor Secured Creditor, each Affected Issuer Secured Creditor) (through its Secured Creditor Representative) confirm whether or not it wishes to consent to the relevant STID Proposal that would give rise to the Entrenched Right.

Types of voting categories

Ordinary Voting Matters

Ordinary voting matters (the **Ordinary Voting Matters**) include all matters which are not designated as Extraordinary Voting Matters or Discretion Matters (see "*Extraordinary Voting Matters*" and "*Discretion Matters*" below).

Extraordinary Voting Matters

Extraordinary matters (the **Extraordinary Voting Matters**) are matters which:

- (a) would change (i) any provision (including any definition) which would materially affect the voting mechanics in relation to the Extraordinary Voting Matters, or (ii) any of the matters constituting Extraordinary Voting Matters;
- (b) would materially change or would relate to the waiver of any Obligor Event of Default;
- (c) would materially change or relate to the waiver of any Trigger Event;
- (d) would materially change or relate to the waiver of any Obligor Liquidity Event or (for the purposes of the Prepayment Principles only) any Issuer Liquidity Event;
- (e) would materially change or relate to the waiver of any Lock-Up Event;
- (f) would materially change or would relate to the waiver of the Financial Indebtedness Covenant;
- (g) would materially change or would relate to the waiver of the Disposal Covenant; or
- (h) would materially change or would relate to waiver of the Acquisition Conditions, the Property Portfolio Criteria and/or the Incoming Property Criteria.

Entrenched Rights

Entrenched rights (the **Entrenched Rights**) are rights that cannot be modified or waived in accordance with the STID without the consent of the Affected Obligor Secured Creditor(s). When the Affected Obligor Secured Creditor is the Issuer, such consent must be obtained from each Affected Issuer Secured Creditor.

Reserved Matters

Reserved matters (the **Reserved Matters**) are matters which, subject to the STID and subject to the terms of the CTA, an Obligor Secured Creditor is free to exercise in accordance with its Obligor Facility Agreement (or in the case of the Obligor Account Bank, the Obligor Account Bank Agreement), including:

- (a) to receive any sums owing to it for its own account in respect of premia, fees, costs, charges, liabilities, damages, proceedings, claims and demands in relation to any Obligor Facility Agreement to which it is a party as permitted pursuant to the terms of the Common Documents or not otherwise prohibited by the terms of the Common Documents;
- (b) to make determinations of and require the making of payments due and payable to it under the provisions of the Obligor Facilities to which it is a party as permitted by the terms of the Common Documents or not otherwise prohibited by the terms of the Common Documents;
- (c) to make any modifications to, giving any consent under or granting any waiver in respect of any Obligor Facility Agreement to which it is a party as permitted pursuant to the terms of the Common Documents or not otherwise prohibited by the terms of the Common Documents;

- (d) to exercise the rights vested in it or permitted to be exercised by it under the Obligor Transaction Documents or otherwise and pursuant to the terms of the Common Documents or not otherwise prohibited by the terms of the Common Documents;
- (e) to give or receive notices, certificates, communications or other documents or information under the Obligor Transaction Documents or otherwise;
- (f) to assign its rights or transfer any of its rights and obligations under any Obligor Facility Agreement to which it is a party, subject to the provisions of the STID and the relevant Obligor Facility Agreement; and
- (g) in addition, in the case of each Hedge Counterparty (if any), (i) to terminate a transaction under the relevant Hedging Agreement (a **Hedging Transaction**), provided that such termination is permitted in accordance with the terms of the relevant Hedging Agreement (a **Permitted Hedge Termination**) or to terminate a Hedging Transaction under the relevant Hedging Agreement in part and amend the terms of the Hedging Agreement to reflect such partial termination or (ii) to exercise rights permitted to be exercised by it under a Hedging Agreement.

Discretion Matters

The Obligor Security Trustee may (but is not obliged to), as requested by the Borrower:

- (a) by way of a STID Proposal designated by the Borrower as being in respect of a Discretion Matter (as defined below) in respect of a Common Document; or
- (b) by way of written request designated by the Borrower to be in respect of a Discretion Matter in respect of any Obligor Transaction Document (other than a Common Document) or other document to which the Obligor Security Trustee is a party or over which the Obligor Security Trustee has the benefit of the Obligor Security, such request to be presented substantially in the form of a STID Proposal (but, for the avoidance of doubt, not constituting a STID Proposal and therefore, with no requirement for a copy of such request to be distributed to the Secured Creditor Representatives or the Issuer Security Trustee) (and, for the avoidance of doubt, the Obligor Security Trustee will be entitled to rely on any such designation by the Borrower and the Obligor Secured Creditors will have no right to disagree with such designation),

in its sole discretion at the end of the Decision Period (being not less than 10 Business Days from the date of the STID Proposal or the date of the request (as applicable)) concur with the Borrower and/or any other relevant party in making any modification to, giving any consent under or granting any waiver in respect of, any Common Document or (where the Obligor Security Trustee is a party or as otherwise required under the STID) any other Obligor Transaction Document or other document to which the Obligor Security Trustee is a party or over which the Obligor Security Trustee has the benefit of the Obligor Security (provided that each party to that other Obligor Transaction Document or other document has consented in writing to such modification, waiver or consent) if:

- (a) in its opinion, it is required to correct a manifest error, or an error in respect of which an English court could reasonably be expected to make a rectification order, or it is of a formal, minor, administrative or technical nature; or
- (b) such modification, consent or waiver is not, in the opinion of the Obligor Security Trustee, materially prejudicial to the interests of any of the Obligor Secured Creditors (where **materially prejudicial** means that such modification, consent or waiver would have a material adverse effect on the ability of the Obligors to pay any amounts in

respect of the Obligor Secured Liabilities owed to the relevant Obligor Secured Creditors on the relevant due date for payment thereof).

A matter will be considered to be a **Discretion Matter** if the Obligor Security Trustee may exercise its discretion to approve any request made in a STID Proposal or otherwise in accordance with the terms of the STID without any requirement to seek the approval of any Obligor Secured Creditor or any of their Secured Creditor Representatives.

The Obligor Security Trustee must not make or concur in making any modification to, give any consent under or grant any waiver in respect of any Common Document or any Obligor Transaction Document or other document over which it has the benefit of the Obligor Security if such modification, consent or waiver:

- (a) is an Ordinary Voting Matter, unless and until the provisions in the STID relating to Ordinary Voting Matters have been complied with;
- (b) is an Extraordinary Voting Matter, unless and until the provisions in the STID relating to Extraordinary Voting Matters have been complied with;
- (c) is an Entrenched Right, unless and until the consent of each Affected Obligor Secured Creditor (and, if the Issuer is an Affected Obligor Secured Creditor, each Affected Issuer Secured Creditor) has been obtained or deemed to be obtained in accordance with the provisions in the STID; or
- (d) is subject to an ongoing disagreement with regard to the determination of the voting category or the application of Entrenched Rights.

Voting

The Note Trustee will, in respect of an Ordinary Voting Matter and an Extraordinary Voting Matter (each, a **Voting Matter**) which is voted on by Noteholders vote (a) in an amount equal to the aggregate of the Outstanding Principal Amount under the Initial Issuer/Borrower Loan corresponding to the Notes then owed to Noteholders and under any other Issuer/Borrower Loan corresponding to Further Notes, Replacement Notes or New Notes then owed to the holders thereof that voted for a proposed resolution within the Decision Period and (b) in an amount equal to the aggregate Outstanding Principal Amount under the Initial Issuer/Borrower Loan corresponding to the Notes then owed to Noteholders and under any other Issuer/Borrower Loan corresponding to Further Notes, Replacement Notes or New Notes then owed to the holders thereof that voted against a proposed resolution within the Decision Period.

The RCF Agent and each PF Agent (if any) (the **Facility Agents**) will, in respect of a Voting Matter which is voted in favour of or against (as applicable) by the relevant Obligor Facility Providers in accordance with the relevant Obligor Facility Agreement, vote as such in an amount equal to the aggregate of the entire Outstanding Principal Amount of the relevant Obligor Facility.

Prior to the taking of Enforcement Action, Hedge Counterparties will only have limited voting rights under the STID. In addition, a Hedge Counterparty will not be a Qualifying Secured Creditor for the purposes of quorum requirements or the voting majority for Ordinary Voting Matters, Extraordinary Voting Matter, Enforcement Instruction Notices, Further Enforcement Instruction Notices or OSC Instruction Notices in relation to a matter, if not entitled to vote or provide instructions on that matter in accordance with the STID.

Determination of voting category

The determination of the voting category made by the Borrower in a STID Proposal shall be binding on the Obligor Secured Creditors and, in the case of the Issuer, the Issuer Secured Creditors unless the Obligor Security Trustee, on the instruction of Qualifying Secured Creditors (acting through their respective Secured Creditor Representatives, if any) representing at least 20 per cent. of the aggregate Outstanding Principal Amount of Qualifying Debt or on the instructions of any Obligor Facility Provider(s) comprising Majority Lenders in accordance with the relevant Obligor Facility Agreement (acting through their Secured Creditor Representatives, if any) (the **Determination Dissenting Creditors**) and subject to the Determination Dissenting Creditors (acting as aforesaid) providing supporting evidence or substantiation for their disagreement with the determination of voting category, informs the Borrower and the Obligor Security Trustee in writing within ten Business Days of receipt of the relevant STID Proposal that the Determination Dissenting Creditors disagree with the determination of voting category made in the relevant STID Proposal (the **Determination Dissenting Notice**). The Determination Dissenting Notice should also specify the voting category of the relevant STID Proposal which Determination Dissenting Creditors propose should apply for the relevant STID Proposal and contain the supporting evidence or substantiation of the matters set out in the Determination Dissenting Notice required to be provided by the Determination Dissenting Creditors.

The determination made by the Borrower of whether a STID Proposal gives rise to an Entrenched Right affecting an Obligor Secured Creditor and/or, where the Issuer is an Affected Obligor Secured Creditor, any Issuer Secured Creditor, shall be binding on the Obligor Secured Creditors and, where the Issuer is an Affected Obligor Secured Creditor, the Issuer Secured Creditors unless the Obligor Security Trustee, on the instruction of an Obligor Secured Creditor (acting through its Secured Creditor Representative (if any) (for the avoidance of doubt, in the case of the Issuer, being the Note Trustee (acting on behalf of the Noteholders)) or an Issuer Secured Creditor (acting through the Issuer Security Trustee as its Secured Creditor Representative) (each, an **Entrenched Right Dissenting Creditor**) and subject to the Entrenched Right Dissenting Creditors (acting as aforesaid) providing supporting evidence or substantiation for their disagreement with the determination of such Entrenched Right in the Entrenched Right Dissenting Notice, informs the Borrower and the Obligor Security Trustee in writing within ten Business Days of receipt of the relevant STID Proposal that an Entrenched Right Dissenting Creditor disagrees with the determination of whether such STID Proposal gives rise to an Entrenched Right affecting such Obligor Secured Creditor and/or, where the Issuer is an Affected Obligor Secured Creditor, such Issuer Secured Creditor (the **Entrenched Right Dissenting Notice**). The Entrenched Right Dissenting Notice should also specify the Obligor Secured Creditor and/or, if the Issuer is an Affected Obligor Secured Creditor, the Issuer Secured Creditor, affected by the Entrenched Right and contain the supporting evidence or substantiation of the matters set out in the Entrenched Right Dissenting Notice required to be provided by the Entrenched Right Dissenting Creditors.

The Determination Dissenting Creditors or the Entrenched Right Dissenting Creditors (together the **Dissenting Creditors**), as the case may be, and the Borrower shall agree the voting category or whether the STID Proposal gives rise to an Entrenched Right affecting an Obligor Secured Creditor and/or, if the Issuer is an Affected Obligor Secured Creditor, an Issuer Secured Creditor within five Business Days from receipt by the Borrower of the Determination Dissenting Notice or the Entrenched Right Dissenting Notice, as applicable. If the Determination Dissenting Creditors or the Entrenched Right Dissenting Creditors and the Borrower are not able to agree on the voting category of the relevant STID Proposal or whether such STID Proposal gives rise to an Entrenched Right affecting the relevant Obligor Secured Creditor(s) and/or, as applicable, Issuer Secured Creditor within five Business Days of the receipt by the Borrower of the Determination Dissenting Notice or the Entrenched Right Dissenting Notice, as applicable, they must instruct an expert(s) (at the cost of the Borrower)

agreed upon by the Determination Dissenting Creditors or the Entrenched Right Dissenting Creditors, as the case may be, and the Borrower or, if no agreement can be reached, then an expert chosen by the President for the time being of the Law Society of England and Wales (the **Appropriate Expert**). The Appropriate Expert (acting jointly, if comprising more than one individual) having regard to all the circumstances and facts that he/she considers relevant must determine the relevant voting category in respect of the relevant STID Proposal or whether such STID Proposal gives rise to an Entrenched Right affecting the relevant Obligor Secured Creditor(s) and/or, as applicable, Issuer Secured Creditor. The decision of the Appropriate Expert will be final and binding on each of the parties.

Appointment of an Administrative Receiver

If there is an Obligor Event of Default under the CTA relating to either (i) an application for the appointment of an administrator in respect of an Obligor (other than the Limited Partnerships) or (ii) the giving of notice of intention of appointment of an administrator in respect of an Obligor (other than a Limited Partnership), the Obligor Security Trustee shall, subject to having actual notice of the event in (i) or (ii) above, as the case may be, and to being able to do so, appoint an Administrative Receiver to such Obligor in accordance with the terms of the Obligor Deed of Charge, such appointment to take effect upon the final day by which the appointment must be made in order to prevent an administration from proceeding or (where an Obligor or the directors of an Obligor have initiated the administration) not later than that final day.

Acceleration following receipt of enforcement proceeds

Prior to delivery of an Obligor Acceleration Notice, any Obligor Enforcement Notice issued by the Obligor Security Trustee shall provide that each Obligor Secured Creditor may accelerate or terminate (as applicable) a portion of its respective claims to the extent necessary to apply proceeds of enforcement of the Obligor Security, (but in each case) only to the extent that such accelerated claims would be discharged out of such proceeds pursuant to the Borrower Post-Enforcement Pre-Acceleration Payment Priorities or the Prepayment Principles (as applicable).

Entitlement to direct Obligor Security Trustee

Any Qualifying Secured Creditor which by itself or together with any other Qualifying Secured Creditor(s) is owed Qualifying Debt having an aggregate Outstanding Principal Amount of at least 20 per cent. (or such other percentage as may be required pursuant to the CTA) of the entire Outstanding Principal Amount of all Qualifying Debt or, in respect of paragraphs (a) and (c) below only, the Obligor Facility Providers comprising Majority Lenders in accordance with the relevant Obligor Facility Agreement (through their respective Secured Creditor Representative, if applicable) may by giving notice (an **OSC Instruction Notice**) to the Obligor Security Trustee and subject to the requirements set out in the STID, instruct the Obligor Security Trustee to exercise any of the rights granted to the Obligor Security Trustee under the Common Documents (save in respect of the taking of Enforcement Action or the delivery of an Obligor Enforcement Notice or an Obligor Acceleration Notice) and the following additional rights:

- (a) to challenge any statement, calculation or ratio in any Interim Compliance Certificate or Compliance Certificate (as applicable), and call for other substantiating evidence where such Qualifying Secured Creditors or Obligor Facility Providers (as applicable) have reason to believe that any statement, calculation or ratio in the Interim Compliance Certificate or the Compliance Certificate (as applicable) is inaccurate or misleading in a manner that would result in there being a Trigger Event subsisting in accordance with the CTA;
- (b) to appoint an Independent Expert pursuant to and subject to the terms of the CTA;

- (c) to request further information pursuant to and subject to the information covenants in the CTA; and
- (d) following delivery of an Obligor Enforcement Notice but prior to delivery of an Obligor Acceleration Notice, to instruct the Obligor Security Trustee to send a Further Enforcement Instruction Notice.

The Obligor Security Trustee shall, subject to the requirements set out in the STID, exercise the above rights in accordance with the directions set out in the OSC Instruction Notice.

ISSUER/BORROWER FACILITIES AGREEMENT

The Issuer/Borrower Loans will constitute full recourse obligations of the Borrower. The obligations of the Borrower under the Issuer/Borrower Facilities Agreement will be guaranteed on a joint and several basis by each other Obligor under the Obligor Guarantees. The obligations of the Borrower under the Issuer/Borrower Facilities Agreement and the other Obligors in respect thereof under the Obligor Guarantees will be secured by the Obligor Security.

General

The Borrower will apply the proceeds of the loan made by the Issuer to the Borrower on the Closing Date pursuant to the Issuer/Borrower Facilities Agreement (the **Initial Issuer/Borrower Loan**) towards making certain loans to the Limited Partnerships under the Intra-Group Loans.

The interest rates and periods applicable to the Initial Issuer/Borrower Loan and any subsequent Issuer/Borrower Loans will be equal to the rates and periods applicable to the Notes and the relevant Further Notes, Replacement Notes or New Notes the proceeds of which are on-lent to make such Issuer/Borrower Loans respectively. Interest under the Issuer/Borrower Facilities Agreement will be due and payable on an interest payment date (the **Loan Interest Payment Date**) which will correspond with the Interest Payment Dates of the Notes.

Fees

On the Closing Date, pursuant to the Issuer/Borrower Facilities Agreement, the Borrower shall pay to the Issuer by way of an initial fee (the **Initial Issuer/Borrower Facilities Fee**) an amount to meet the costs and expenses of the Issuer in connection with the issue of the Notes (including, *inter alia*, the fees and expenses of the Issuer Security Trustee, the Note Trustee and the Issuer's legal advisers, accountants and auditors).

On each Interest Payment Date, the Borrower will pay an ongoing fee (the **Issuer/Borrower Facilities Fee**) which shall include amounts equal to the required prepayment of any Issuer Liquidity Facility (if drawn) or any Relevant Issuer Liquidity Standby Drawing and the interest in respect of Issuer Liquidity Loans, to meet the costs and expenses of the Issuer in respect of amounts owed to, *inter alios*, the Note Trustee, the Issuer Security Trustee (and any receiver appointed by the Issuer Security Trustee), the Principal Paying Agent, the Issuer Cash Manager, the Issuer Account Bank, the Corporate Services Provider, the LF Provider (in respect of the Issuer Liquidity Facility) and the Issuer's legal advisers, accountants and auditors (in each case to the extent not covered by the Initial Issuer/Borrower Facilities Fee) and to cover the Issuer's profit (out of which the Issuer will pay its tax).

Ranking

The Issuer/Borrower Facilities will rank *pari passu* with the Revolving Credit Facility, any Permitted Facilities and any Hedges (except for Subordinated Hedge Amounts), junior to the Obligor Liquidity Facility and senior to all Subordinated Debt.

Repayments and prepayments generally

The final maturity date (which corresponds with the Expected Maturity Date of the Notes) of the Initial Issuer/Borrower Loan will be 30 June 2023 (the **Initial Loan Final Maturity Date**).

Prepayment of Issuer/Borrower Loans may be made at any time, on at least five days' prior written notice (or such shorter period as may be agreed between Issuer and Borrower) but, if in

part, in a minimum amount and integral multiple of £1 million in accordance with the Prepayment Principles set out in "*Summary of Transaction Documents – Common Terms Agreement*" above. Any notice of prepayment or cancellation shall be irrevocable and shall be accompanied by the payment of accrued interest, Repayment Costs and associated costs on the amount prepaid.

Optional prepayment for gross-up by Borrower

The Borrower may notify the Issuer of its intention to prepay any Issuer/Borrower Loans in whole as a consequence of the Borrower or any other Obligor being required to increase payments to the Issuer (or, in respect of the corresponding Intra-Group Loan, to the Borrower) in respect of that Issuer/Borrower Loan (or, in the case of any other Obligor, that Intra-Group Loan) as a result of the imposition of a requirement to deduct or withhold tax from such payments.

Mandatory prepayment for withholding on Notes

The Borrower may notify the Issuer of its intention to prepay any Issuer/Borrower Loans in whole if by reason of a change in tax law (or the application or official interpretation thereof) the Issuer is required to make any withholding or deduction for or on account of any United Kingdom taxes from payments in respect of the corresponding Note or any Further Notes, Replacement Notes or New Notes.

The Issuer may notify the Borrower if it requires prepayment of any Issuer/Borrower Loans in whole if by reason of a change in law it has or will become unlawful in any applicable jurisdiction for the Issuer to perform any of its obligations under the Issuer/Borrower Facilities Agreement or to fund or maintain its participation in the Initial Issuer/Borrower Loans or any other Issuer/Borrower Loans.

Mandatory prepayment upon disposal of a Property

The Borrower shall in certain circumstances and may in other circumstances prior to the delivery of an Obligor Enforcement Notice and/or Obligor Acceleration Notice prepay the Issuer/Borrower Loans in part using the proceeds of a disposal of a Property deposited into the Disposal Proceeds Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Mandatory prepayment upon compulsory purchase of a Property

The Borrower shall in certain circumstances and may in other circumstances prior to the delivery of an Obligor Enforcement Notice and/or Obligor Acceleration Notice prepay the Issuer/Borrower Loans in part with the proceeds of a compulsory purchase deposited into the Disposal Proceeds Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Mandatory prepayment using insurance proceeds

The Borrower shall in certain circumstances and may in other circumstances prior to the delivery of an Obligor Enforcement Notice and/or Obligor Acceleration Notice prepay the Issuer/Borrower Loans in part with proceeds (other than from loss of rent insurance) received under the Insurance Policies deposited into the Disposal Proceeds Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Mandatory prepayment following a Trigger Event

The Borrower shall prepay the Issuer/Borrower Loans with the amounts then standing to the credit of the Disposal Proceeds Account, the Lock-Up Accounts and the Cure Deposit Accounts upon the occurrence of a Trigger Event in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Mandatory prepayment following an Obligor Enforcement Notice and/or Obligor Acceleration Notice

The Borrower shall prepay the Issuer/Borrower Loans with amounts then standing to the credit of the Disposal Proceeds Account, the Lock-Up Accounts and the Cure Deposit Accounts following the delivery of an Obligor Enforcement Notice in accordance with the Prepayment Principles in "*Common Terms Agreement*" above.

The Obligor shall prepay or repay the Issuer/Borrower Loans following the delivery of an Obligor Enforcement Notice and/or an Obligor Acceleration Notice with any other proceeds of enforcement of the Obligor Security other than in accordance with the Prepayment Principles in the CTA.

Prepayment upon purchase of Notes by Obligors

The Obligors (including the Borrower) may, at their discretion, prior to the delivery of an Obligor Acceleration Notice, use amounts standing to the credit of the Defeasance Accounts or amounts made available to it by way of equity or a Subordinated Loan to purchase Notes and/or any Further Notes, New Notes or Replacement Notes (in the case of amounts standing to the credit of the Defeasance Account, in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above). Such Further Notes, Replacement Notes or New Notes will be surrendered by that Obligor to the Issuer for cancellation in accordance with the Conditions of the Notes or terms and conditions of such Further Notes, New Notes or Replacement Notes (as applicable). Upon such cancellation, an amount of the relevant Issuer/Borrower Loan equal to the Principal Amount Outstanding of the Notes or such Further Notes, Replacement Notes or New Notes (as applicable) and, in the case of an Obligor other than the Borrower, a corresponding amount of the Intra-Group Loans made by the Borrower to that Obligor will be treated as having been prepaid in accordance with the Issuer/Borrower Facilities Agreement and, in the case of an Obligor other than the Borrower, the Intra-Group Agreement. An Obligor may only purchase Notes or such Further Notes, Replacement Notes or New Notes (as applicable) using amounts standing to the credit of the Disposal Proceeds Account, the Lock-Up Account and the Cure Deposit Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Voluntary and mandatory prepayment pursuant to the Intra-Group Agreement

The Borrower shall prepay the Issuer/Borrower Loans with amounts payable to it in certain circumstances under the Intra-Group Agreement.

REVOLVING CREDIT FACILITY AGREEMENT

The Revolving Credit Facility Agreement will constitute full recourse obligations of the Limited Partnerships. The obligations of the Limited Partnerships under the Revolving Credit Facility Agreement will be guaranteed on a joint and several basis by each other Obligor under the Obligor Guarantees. The obligations of the Limited Partnerships under the Revolving Credit Facility Agreement and the other Obligors in respect thereof under the Obligor Guarantees will be secured by the Obligor Security.

Each RCF Loan will be utilised by the Limited Partnerships to, initially, refinance certain existing debt and thereafter for general property related purposes including the acquisition of an Incoming Property but not towards the payment, financing or refinancing of Enhancement Capex or ground-up development of any Property or Incoming Properties.

The final maturity date of the Revolving Credit Facility will be five years after the Closing Date (the **RCF Final Maturity Date**).

The size of the **Revolving Credit Facility** will be £25 million. The Revolving Credit Facility will be, available from the Closing Date to the date which is three months before the RCF Final Maturity Date.

Conditions to utilisation (including Rollover Loans)

The RCF Providers will only be obliged to provide an RCF Loan if:

- (a) in respect of the initial utilisation, and before the date for that utilisation, the RCF Agent has received all of the required conditions precedent in form and substance satisfactory to it;
- (b) (in the case of a Rollover Loan) no Obligor Event of Default is continuing or would result from the making of the proposed RCF Loan and (in the case of any other RCF Loan) no Trigger Event or Default is continuing for the two immediately preceding Test Dates;
- (c) in the case of an RCF Loan, all the repeating representations and warranties to be made by each Obligor are true in all material respects and in the case of any RCF Loan made on the initial utilisation date, all the representations and warranties are true in all material respects;
- (d) in respect of the initial utilisation, evidence reasonably satisfactory to the RCF Provider that the Notes in an amount of not less than £380m (or equivalent) have been issued or will be issued simultaneously with the proposed RCF Loan;
- (e) the Outstanding Principal Amount under the Revolving Credit Facility after making of the proposed RCF Loan (taking into account the proposed RCF Loan) will not exceed 25 per cent. of the aggregate Outstanding Principal Amount of all Senior Debt (excluding for this purpose any Issuer/Borrower Loans in respect of which amounts are held in the Defeasance Account and the Obligor Liquidity Facility);
- (f) the Loan to Value Ratio is less than or equal to 55 per cent. (in the case of the initial utilisation) and 65 per cent. (in the case of the subsequent utilisations) and will remain so after the making of the proposed RCF Loan (taking into account the proposed RCF Loan);
- (g) the Historic Cashflow ICR is greater than 2.00x and will remain so after the making of the proposed RCF Loan (taking into account the proposed RCF Loan);

- (h) the Projected Cashflow ICR is greater than 2.00x and will remain so after the making of the proposed RCF Loan (taking into account the proposed RCF Loan); and
- (i) in respect of any RCF Loan made for the purpose of acquiring an Incoming Property, the aggregate amount of the proposed RCF Loan plus any other Permitted Financial Indebtedness which is not Subordinated Debt that is incurred by the Limited Partnerships to finance the acquisition of that Incoming Property must not exceed 50 per cent. of the total consideration payable for such acquisition.

Rollover Loan means one or more RCF Loans:

- (i) made or to be made on the same day that a maturing RCF Loan is due to be repaid;
- (ii) the aggregate amount of which is equal to or less than the amount of the maturing RCF Loan; and
- (iii) made or to be made to the same Limited Partnership for the purpose of refinancing that maturing RCF Loan.

Interest Payment Dates and Interest Periods

Interest on the RCF Loan will be payable on the last day of each interest period for the RCF Loan (or if such day is not a Business Day, the immediately preceding Business Day). The interest payable will be the aggregate of the: (i) Margin; (ii) 3 month London interbank offered rate (**LIBOR** for the interest period); and (iii) mandatory cost, if any. The **Margin** will be 2 per cent. If the Limited Partnerships default in any payment obligations, an additional amount will be added to the Margin in respect of that unpaid amount at a rate which is:

- (i) for the period from the due date up to the first anniversary of that RCF Prepayment Event, 1% higher per annum; and
- (ii) on each subsequent anniversary of that RCF Prepayment Event, 1% higher per annum than the rate which applied in the immediately preceding 12 months,

in each case than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted an RCF Loan in the currency of the overdue amount for successive interest periods under the Revolving Credit Facility, each of a duration selected by the RCF Agent (acting reasonably).

Minimum amount

RCF Loans may only be requested in a minimum amount of £1 million (or multiples thereof).

Ranking

The RCF Loan will rank *pari passu* with the Issuer/Borrower Facilities, any Permitted Facilities and any Hedges (except for Subordinated Hedge Amounts), junior to the Obligor Liquidity Facility and senior to all Subordinated Debt.

Final repayment

All RCF Loans must (if not previously repaid or discharged) be repaid in full on the RCF Final Maturity Date.

Voluntary prepayment

Prepayment of RCF Loans may be made at any time, without penalty, on at least five days' prior written notice but, if in part, in a minimum amount and integral multiple of £1 million in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Voluntary cancellation

The undrawn commitments under the RCF Loan may be cancelled in whole or in part by the Limited Partnerships, without penalty, on not less than five days' prior written notice but, if in part, in a minimum amount and integral multiple of £1 million.

Automatic cancellation

The undrawn commitments under the RCF Loan will be automatically cancelled on the last day of the Availability Period.

Mandatory prepayment for tax gross-up

The Limited Partnerships may, whilst the circumstance giving rise to the requirement for tax gross-up or indemnification continues, cancel an RCF Provider's available commitment under the Revolving Credit Facility and prepay that RCF Provider's participation in the RCF Loans in whole as a consequence of being required to increase certain payments to that RCF Provider as a result of the imposition of a requirement to deduct or withhold tax from such payments or being required to pay an amount in respect of tax to the RCF Providers in accordance with the Revolving Credit Facility Agreement.

Mandatory prepayment for illegality

The Limited Partnerships shall cancel an RCF Provider's available commitment under the Revolving Credit Facility and prepay that RCF Provider's participation in the RCF Loans in whole if it has or will become unlawful in any applicable jurisdiction for a RCF Provider to perform any of its obligations under the Revolving Credit Facility Agreement or to fund or maintain its participation in the RCF Loans.

Mandatory prepayment upon compulsory purchase of a Property

The Limited Partnerships shall in certain circumstances and may in other circumstances prior to the delivery of an Obligor Enforcement Notice and/or an Obligor Acceleration Notice prepay the RCF Loans in part with the proceeds of a compulsory purchase deposited into the Disposal Proceeds Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Mandatory prepayment using insurance proceeds

The Limited Partnerships prior to the delivery of an Obligor Enforcement Notice and/or an Obligor Acceleration Notice shall in certain circumstances and may in other circumstances prepay the RCF Loans in part with proceeds (other than from loss of rent insurance) received under the Insurance Policies) deposited into the Disposal Proceeds Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Mandatory prepayment following a Trigger Event

The Limited Partnerships shall prepay the RCF Loans with the amounts standing to the credit of the Disposal Proceeds Account, the Lock-Up Accounts and the Cure Deposit Accounts upon

the occurrence of a Trigger Event in accordance with the Prepayment Principles set out in the "*Common Terms Agreement*" above.

Mandatory prepayment following an Obligor Enforcement Notice and/or an Obligor Acceleration Notice

The Limited Partnerships shall prepay the RCF Loans with the amounts then standing to the credit of the Disposal Proceeds Account, the Lock-Up Accounts and the Cure Deposit Accounts following the delivery of an Obligor Enforcement Notice in accordance with the Prepayment Principles in "*Common Terms Agreement*" above.

The Obligor shall prepay the RCF Loans following the delivery of an Obligor Enforcement Notice and/or an Obligor Acceleration Notice with any other proceeds of enforcement of the Obligor Security other than in accordance with the Prepayment Principles in the CTA.

Mandatory prepayment following a Material Adverse Change

The Revolving Credit Facility will become due and payable to the RCF Providers 60 days following the occurrence of a Material Adverse Change (a **Material Adverse Change Prepayment Event**), where:

Material Adverse Change means, in relation to the Obligors, any event or circumstance occurs which has or is reasonably likely to have any effect which is materially adverse to:

- (a) the ability of the Obligors (taken as a whole) to perform or comply with their payment obligations under the Revolving Credit Facility Agreement or the Obligor Deed of Charge in a timely manner;
- (b) (subject to the Reservations) the validity, legality or enforceability of any RCF Finance Document (as defined in the Revolving Credit Facility Agreement);
- (c) (subject to the Reservations) the validity, legality or enforceability of any Security Interest granted under the Obligor Security Documents or the priority of any such Security Interests; or
- (d) the business or financial condition of the Obligors (taken as a whole).

Mandatory prepayment upon Change of Control

The RCF Loan will become due and payable to an RCF Provider 60 days following a Change of Control at the request of that RCF Provider (a **Change of Control Prepayment Event**).

Change of Control means at any time the UNITE Group plc ceases to have at least 10 per cent. direct or indirect interest in the Limited Partnerships. However, a Change of Control shall not be deemed to have occurred solely as a result of the public listing of the equity of the UNITE Fund on a recognised Stock Exchange in the United Kingdom or Republic of Ireland.

In the event that Limited Partnerships do not prepay the RCF Loans as a result of an RCF Prepayment Event, in the circumstances where no other Trigger Event has occurred and is continuing, the Limited Partnerships will be required to prepay the RCF Loans using any amounts then standing to the credit of the Disposal Proceeds Account and the RCF Allocation of amounts then standing to the Lock-Up Account and/or the Cure Deposit Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Prepayments generally

Any notice of prepayment or cancellation shall be irrevocable and shall be accompanied by the payment of accrued interest, break costs and associated costs on the amount prepaid.

Assignment and transfer

An RCF Provider may assign or transfer any of its rights or obligations under the Revolving Credit Facility Agreement and any other Obligor Transaction Documents to any other bank or financial institution which is regularly engaged in or established for the purpose of providing such facilities, provided that:

- (a) such assignee or transferee is another RCF Provider or its affiliate;
- (b) such assignee or transferee is a bank or financial institution, which has at least two ratings for its unsecured debt obligations of at least A or higher by S&P, A or higher by Fitch or A2 or higher by Moody's Investors Service Limited;
- (c) such assignment or transfer is made at a time when an Obligor Event of Default has occurred and is continuing; or
- (d) the General Partners for and on behalf of the Limited Partnerships have consented to such assignment or transfer.

Any such assignee or transferee must accede to the CTA, the MDA and the STID in accordance with the terms thereof.

Miscellaneous provisions

The Revolving Credit Facility Agreement contains standard provisions relating to market disruption, indemnities, taxation, increased costs, set-off and administration.

Lender consent

The RCF Providers will vote in accordance with the Revolving Credit Facility Agreement. The consent of all of the RCF Providers is required for any decision affecting the Entrenched Rights of the RCF Providers.

"Snooze you lose"

If at any time there is more than one RCF Provider and an RCF Provider fails to vote in response to a request for a consent under, waiver of or amendment to any Common Document or other Obligor Transaction Document to which the RCF Providers are a party, including the Revolving Credit Facility Agreement or other vote of the RCF Providers under the terms of the Revolving Credit Facility Agreement or any Common Document or other Obligor Transaction Document to which the RCF Providers are a party within 20 Business Days of that request being made (unless the General Partners for and on behalf of the Limited Partnerships and the RCF Agent agree to a longer time period in relation to that request), its commitment and/or participation shall not be included for the purpose of calculating the total commitments under the Revolving Credit Facility when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of total commitments and/or participations has been obtained to approve that request.

"Yank the bank"

In the event that there is more than one RCF Provider and:

- (a) the General Partners for and on behalf of the Limited Partnerships have requested the consent of all of the RCF Providers to a consent under, waiver of or amendment to the Revolving Credit Facility Agreement or any Common Document or other Obligor Transaction Document to which the RCF Providers are party (as applicable);
- (b) the consent, waiver or amendment in question requires the consent of all of the RCF Providers; and
- (c) such RCF Providers whose commitments aggregate more than 85 per cent. of the total commitments under the Revolving Credit Facility (as applicable) have consented to such consent, waiver or amendment,

then any such RCF Providers who have not consented within 15 Business Days of such request being made shall be deemed a **Non-Consenting Lender**.

Where an RCF Provider becomes a Non-Consenting Lender, the General Partners for and on behalf of the Limited Partnerships may replace such Non-Consenting Lender within 120 days of such RCF Provider becoming a Non-Consenting Lender by requiring such Non-Consenting Lender to (and such Non-Consenting Lender shall) transfer all (and not part only) of its rights and obligations under the Revolving Credit Facility to another RCF Provider or other entity selected by the General Partners for and on behalf of the Limited Partnerships (in accordance with the Revolving Credit Facility Agreement) for a purchase price in cash payable at the time of transfer equal to the Outstanding Principal Amount of such Non-Consenting Lender's participation in the Revolving Credit Facility and all accrued interest, break costs and other amounts payable in relation to the Revolving Credit Facility.

Fees

An arrangement fee will be payable by the Limited Partnerships on the Closing Date. A commitment fee will also be payable by the Limited Partnerships quarterly in arrear and if an RCF Provider's available commitment is cancelled in full, on the cancelled amount of the relevant RCF Provider's commitment at the time that cancellation is effective. A utilisation fee is payable on the RCF Provider's participation in the RCF Loans and is payable quarterly in arrear and if an RCF Provider's participation is repaid in full, on the repaid amount of the relevant RCF Provider's participation in the RCF Loans at the time the repayment is effective.

LIQUIDITY FACILITIES AGREEMENT

A Liquidity Facility will be made available to the Issuer under the Issuer Liquidity Facility and to the Limited Partnerships under the Obligor Liquidity Facility. The Obligor LF Loans made available to the Limited Partnerships will constitute full recourse obligations of the Limited Partnerships. The obligations of the Limited Partnerships under the Liquidity Facilities Agreement will be guaranteed on a joint and several basis by each other Obligor under the Obligor Guarantees. The obligations of the Limited Partnerships under the Liquidity Facilities Agreement and the other Obligors in respect thereof under the Obligor Guarantees will be secured by the Obligor Security. The Issuer LF Loans made available to the Issuer will constitute limited recourse obligations of the Issuer and will be secured by the Issuer Security. The obligations of the Issuer will not be guaranteed by any other person. The obligations of the Issuer and the Limited Partnerships under the Liquidity Facility will be several and not joint (but the obligations as between the Limited Partnerships will be joint).

General – Obligor LF Loan

The Liquidity Facility made available to the Limited Partnerships will be £850,000 at the Closing Date (the **Obligor Liquidity Facility Amount**). Each Obligor LF Loan will be utilised to enable the Limited Partnerships to cover any shortfalls in cash required to cover payments of interest on RCF Loans and scheduled payments to the LF Hedge Counterparties in respect of any LF Hedges for the RCF Loans and amounts ranking senior thereto in accordance with the relevant Borrower Payment Priorities. The maturity date of the Obligor Liquidity Facility will be 364 days after the Closing Date and each Commencement Date (as defined in the Liquidity Facilities Agreement) (the **LF Final Maturity Date**) (but on a renewable basis). The Obligor Liquidity Facility will be available from the Closing Date to the LF Final Maturity Date. There is no minimum amount for Obligor LF Loans.

General – Issuer LF Loan

The Liquidity Facility made available to the Issuer will be £7,150,000 at the Closing Date (the **Issuer Liquidity Facility Amount**). Each Issuer LF Loan will be utilised to enable the Issuer to cover any shortfalls in cash required to make payments of interest due under or in respect of the Notes and amounts ranking senior thereto in accordance with the relevant Issuer Payment Priorities. The maturity date of the Issuer Liquidity Facility will be 364 days after the Closing Date (the **LF Final Maturity Date**) (but on a renewable basis). The Issuer Liquidity Facility will be available from the Closing Date to the LF Final Maturity Date. There is no minimum amount for Issuer LF Loans.

Conditions of utilisation

The Liquidity Facility may be utilised if:

- (a) the Initial Notes have been issued by the Issuer;
- (b) the Initial Issuer/Borrower Loan has been advanced to the Borrower by the Issuer;
- (c) no Liquidity Facility Event of Default is outstanding or would result from the making of the LF Loan; and
- (d) the LF Provider has notified the Issuer and the Limited Partnerships that it has received all of the conditions precedent documents and evidence set out in Schedule 1 of the Liquidity Facility Agreement and in Schedule 12 to the CTA.

Fees

An arrangement fee (**LF Arrangement Fee**) will be payable by each of the Limited Partnerships and the Issuer on the Closing Date. A commitment fee will also be payable by each of the Limited Partnerships and the Issuer quarterly in arrear on each Interest Payment Date on the undrawn and uncanceled commitments under the Obligor Liquidity Facility and the Issuer Liquidity Facility respectively (the **LF Commitment Fee**). In addition, the General Partners on behalf of the Limited Partnerships and the Issuer may agree to pay a renewal fee to the LF Provider upon an extension to the Liquidity Facility.

Interest Payment Dates and Interest Periods

Interest on the Liquidity Facility will be payable on 31 March, 30 June, 30 September and 31 December (or, if such day is not a Business Day, the immediately preceding Business Day). Interest will be calculated as the aggregate of the applicable (i) Margin, (ii) LIBOR, and (iii) mandatory cost, if any, where the Margin is initially 1.75 per cent. and which shall increase from the first anniversary of the drawing by 0.5 per cent. on each annual anniversary. Should the Limited Partnerships or the Issuer fail to make a payment due under the Liquidity Facilities Agreement, an additional 1 per cent. will be added to the Margin payable by the Issuer or the Limited Partnerships, as the case may be, in respect of that amount from date on which that amount was due.

Ranking

In the case of the Limited Partnerships, payments to the LF Provider will rank senior to the other Senior Debt and to all Subordinated Debt. In the case of the Issuer, payments to the LF Provider will rank senior to payments owed by the Issuer under or in respect of the Notes.

Final repayment

All Liquidity Loans must (if not previously repaid or discharged) be repaid in full on the earlier of the Interest Payment Date which follows the Liquidity Facility Drawdown Date and the LF Termination Date, where **LF Termination Date** means the earliest of:

- (a) the later of (i) the date on which the Issuer has repaid or discharged all amounts due in respect of the Notes and/or the Final Maturity Date of the Notes and (ii) the date on which the Limited Partnerships have repaid or discharged all amounts due in respect of the Obligor Facilities (other than the Issuer/Borrower Facilities and the Permitted Facilities);
- (b) the final discharge under the Obligor Security Documents or the Issuer Deed of Charge, as the case may be;
- (c) the date on which the Liquidity Facilities are both terminated in accordance with the Liquidity Facilities Agreement; and
- (d) the Interest Payment Date falling on or after the 15th anniversary of the Closing Date.

Voluntary cancellation

The Limited Partnerships (in respect of the Obligor Liquidity Facility Amount) and the Issuer (in respect of the Issuer Liquidity Facility Amount) may cancel the undrawn commitments under the relevant Liquidity Facility in whole or in part or may prepay any Liquidity Standby Drawings in whole or in part if:

- (a) the General Partners for and on behalf of the Limited Partnerships or the Issuer, as the case may be, has given the LF Provider and (in the case of the Issuer) the Issuer Cash Manager not less than five Business Days' prior written notice (copied to the Obligor Security Trustee and the Obligor Cash Manager or the Issuer Security Trustee and the Issuer Cash Manager, respectively);
- (b) for a cancellation in full of the commitments, the General Partners for and on behalf of the Limited Partnerships and the Issuer or the Issuer Security Trustee, respectively have entered into a substitute liquidity facility;
- (c) the Rating Agencies have confirmed (in writing in the case of S&P) (or, in the case of any Rating Agency other than S&P, only where any of the Rating Agencies is unwilling to provide such confirmation for any reason other than related to the rating itself, the Borrower certifies that it has notified the relevant Rating Agency of the proposed cancellation or prepayment (as the case may be) and after having made all reasonable enquiries with the relevant Rating Agency or otherwise and providing evidence to the Obligor Security Trustee to support such certification) that:
 - (i) the then current ratings of the Notes and any Further Notes, Replacement Notes or New Notes will not be downgraded as a result of the cancellation or prepayment (as the case may be); and
 - (ii) if the rating of any of the Notes and any such Further Notes, Replacement Notes or New Notes had been downgraded previously, that the cancellation or prepayment (as the case may be) will not prevent the restoration of the original rating of those Notes and any such Further Notes, Replacement Notes or New Notes; or
- (d) the Limited Partnerships and the Issuer certify to the Obligor Security Trustee and the Issuer Security Trustee that such cancellation will not cause the Debt Shortfall Test to be breached pursuant to the terms of the CTA.

Partial cancellation of the undrawn commitment under the Liquidity Facility or prepayment of any Liquidity Standby Drawing must be in a minimum amount of £1,000,000 and an integral multiple of 1,000,000.

Automatic cancellation

The undrawn commitments under the Liquidity Facility will be automatically cancelled on the LF Termination Date.

Optional prepayment and cancellation

If the Issuer or the Limited Partnerships, as the case may be, is or are, or will be, required:

- (a) to pay to the LF Provider
 - (i) any amounts under the tax gross up; or
 - (ii) any amounts under the indemnities for tax or increased costs; or
- (b) at any time the LF Provider becomes a Non-Extending LF Provider and a substitute Liquidity Facility Agreement has been entered into,

then each of the Issuer and the Limited Partnerships may cancel the undrawn commitment under the Liquidity Facility in whole and prepay any Liquidity Standby Drawings.

Mandatory prepayment and cancellation

- (a) A LF Provider must notify the Issuer, the Limited Partnerships, the Issuer Security Trustee, the Obligor Security Trustee, the Issuer Cash Manager and the Obligor Cash Manager if it becomes aware that it is unlawful in any jurisdiction for that LF Provider to perform any of its obligations under the Liquidity Facilities Agreement or to fund or maintain any LF Loan.
- (b) After notification under paragraph (a) above:
 - (i) the commitment under the Liquidity Facility will be immediately cancelled (and the LF Provider will not be obliged to make any further LF Loans); and
 - (ii) the Issuer and the Limited Partnerships must repay or prepay the LF Loans (and any other amounts to be repaid by the Issuer or the Limited Partnerships under the Liquidity Facilities Agreement) on the date specified in paragraph (d) below.
- (c) The date for repayment or prepayment of a LF Loan (and any other amounts to be repaid by the Issuer or the Limited Partnerships under the Liquidity Facilities Agreement) will be the next following Interest Payment Date after the Issuer and the Limited Partnerships have received the notification in paragraph (b) above.

Mandatory prepayment upon disposal of a Property

The Limited Partnerships shall in certain circumstances and may in other circumstances prior to the delivery of an Obligor Enforcement Notice and/or an Obligor Acceleration Notice prepay the LF Loans in part with the proceeds of a disposal of a Property deposited into the Disposal Proceeds Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Mandatory prepayment upon compulsory purchase of a Property

The Limited Partnerships shall in certain circumstances and may in other circumstances prior to the delivery of an Obligor Enforcement Notice and/or an Obligor Acceleration Notice prepay the LF Loans in part with the proceeds of a compulsory purchase deposited into the Disposal Proceeds Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Mandatory prepayment using insurance proceeds

The Limited Partnerships shall in certain circumstances and may in other circumstances prior to the delivery of an Obligor Enforcement Notice and/or an Obligor Acceleration Notice prepay the LF Loans in part with proceeds (other than from loss of rent insurance) received under the Insurance Policies deposited into the Disposal Proceeds Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Mandatory prepayment following a Trigger Event

The Limited Partnerships shall prepay the LF Loans with the amounts then standing to the credit of the Disposal Proceeds Account, the Lock-Up Accounts and the Cure Deposit Accounts upon the occurrence of a Trigger Event in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Mandatory prepayment following an Obligor Enforcement Notice and/or an Obligor Acceleration Notice

The Limited Partnerships shall prepay the LF Loans with the amounts then standing to the credit of the Disposal Proceeds Account, the Lock-Up Accounts and the Cure Deposit Account following the delivery of an Obligor Enforcement Notice in accordance with the Prepayment Principles in "*Common Terms Agreement*" above.

The Obligor shall prepay the LF Loans following the delivery of an Obligor Enforcement Notice and/or an Obligor Acceleration Notice with any other proceeds of enforcement of the Obligor Security.

Extension of Liquidity Facility

Not more than 60 nor less than 40 days before the end of the term (as extended from time to time) of the Liquidity Facility, the Issuer and/or the Limited Partnerships shall request the LF Provider to extend the term of the Liquidity Facility for a further 364 days.

New liquidity facility

If the Limited Partnerships or the Issuer, as the case may be, do not request an extension or a LF Provider does not agree to extend the Liquidity Facility (an **Extension Refusal**), the Limited Partnerships or the Issuer, as the case may be, shall use reasonable commercial efforts to enter into a new liquidity facility agreement on substantially the same terms as the Liquidity Facilities Agreement or on such other terms as would not cause the then current rating of the Notes and any Further Notes, Replacement Notes or New Notes to be downgraded. Each of the Issuer and the Limited Partnerships will continue to be required to use reasonable commercial efforts to enter into such a new liquidity facility agreement, regardless of whether or not any grace periods have expired.

Liquidity Standby Drawings

If either:

- (a) at any time the rating of a LF Provider falls below the prevailing LF Provider Minimum Ratings (a **Downgrade Event**) and the relevant LF Provider fails to obtain a replacement within forty days; or
- (b) a LF Provider refuses to grant an extension of the term of the Liquidity Facility and the Limited Partnerships and the Issuer have not obtained a replacement on the fifth Business Day before the LF Final Maturity Date,

then the Issuer or the Limited Partnerships (as relevant) must request a drawing of the LF Provider's commitment (a **Liquidity Standby Drawing**) then available for drawing under the Obligor Liquidity Facility (in the case of the Limited Partnerships) and under the Issuer Liquidity Facility (in the case of the Issuer). The proceeds of the Liquidity Standby Drawing will be placed in the Obligor Liquidity Standby Account or the Issuer Liquidity Standby Account (as relevant, which will regardless of whether the LF Provider holds the LF Provider Minimum Ratings, be held with the Obligor Account Bank or the Issuer Account Bank, as the case may be) and used to fund drawings under the Liquidity Facility if and when required.

Liquidity Standby Drawings will generally be repayable to the LF Provider on the earliest of:

- (a) the Limited Partnerships and/or the Issuer serving a notice of cancellation to the LF Provider which has advanced a Liquidity Standby Drawing pursuant to the Liquidity Facilities Agreement (the **Affected LF Provider**) in accordance with the Liquidity

Facilities Agreement, in respect of its entire Obligor Liquidity Facility Commitment and/or Issuer Liquidity Facility Commitment (as the case may be);

- (b) the Affected LF Provider assigning or transferring its rights, benefits or obligations under the LF Finance Documents in accordance with the Liquidity Facility Agreement;
- (c) if the LF Provider does not on any day have a minimum rating of at least equal to the LF Provider Minimum Ratings, the day which is five Business Days after the date on which the LF Provider has served a notice that it now has the LF Provider Minimum Ratings in accordance with the Liquidity Facility Agreement;
- (d) a substitute liquidity facility agreement being entered into in accordance with the Liquidity Facility Agreement;
- (e) the Interest Payment Date falling on or after the 15th anniversary of the Liquidity Facility Drawdown Date of that Obligor Liquidity Standby Drawing and/or Issuer Liquidity Standby Drawing or, if earlier, the LF Termination Date;
- (f) in the case of Obligor Liquidity Standby Drawings, upon prepayment by the Limited Partnerships in accordance with the Prepayment Principles as set out in the Common Terms Agreement and, in the case of Issuer Liquidity Standby Drawings, upon payment by the Borrower to the Issuer of the Issuer/Borrower Facilities Fee in respect thereof in accordance with the Prepayment Principles as set out in the Common Terms Agreement; and
- (g) in the case of Obligor Liquidity Standby Drawings, upon the delivery of an Obligor Acceleration Notice or, if earlier, upon acceleration of the Obligor Liquidity Loans and/or cancellation of the Obligor Liquidity Facility Commitment pursuant to the Liquidity Facility Agreement and, in the case of Issuer Liquidity Standby Drawings, upon the delivery of an Issuer Acceleration Notice or, if earlier, upon acceleration of the Issuer Liquidity Loans and/or cancellation of the Issuer Liquidity Facility Commitment pursuant to the Liquidity Facility Agreement.

Assignment and transfer

The LF Provider may assign or transfer any of its rights or obligations under the Liquidity Facilities Agreement and any other Obligor Transaction Document to any other bank or financial institution with a rating equal to or better than the LF Provider Minimum Ratings.

Any assignee or transferee must accede to the CTA, the MDA and the STID in accordance with the terms thereof.

Liquidity Facility Events of Default

The **Liquidity Facility Events of Default** will include in relation to the Issuer Liquidity Facility (with respect to the Issuer) and in relation to the Obligor Liquidity Facility (with respect to the Limited Partnerships):

- (a) non payment (subject to grace period);
- (b) breach of other obligations;
- (c) insolvency proceedings are commenced (other than the appointment of an administrative receiver under the Obligor Security Documents);

- (d) any administrative receiver appointed under the Obligor Security Documents is removed as a result of the appointment of a liquidator or administrator in respect of the Issuer or the Limited Partnerships (as the case may be);
- (e) the Issuer or any of the Limited Partnerships (as the case may be) is unable to pay its debts when they fall due within the meaning of section 123 of the Insolvency Act assuming that the Issuer Liquidity Facility or the Obligor Liquidity Facility (as the case may be) is available for drawing by the Issuer or the Limited Partnerships, as the case may be);
- (f) service of an Obligor Acceleration Notice on the Limited Partnerships or an Issuer Enforcement Notice on the Issuer; and
- (g) it is or becomes unlawful for the Limited Partnerships or the Issuer to make or receive a payment under the Obligor Liquidity Facility or the Issuer Liquidity Facility, respectively, or to comply with any other material provision of the Obligor Liquidity Facility or the Issuer Liquidity Facility, respectively.

A Liquidity Facility Event of Default in respect of the Issuer will not in and of itself cause a Liquidity Facility Event of Default in respect of the Limited Partnerships, and vice versa.

Lender consent

The LF Provider will vote in accordance with the Liquidity Facilities Agreement in respect of Reserved Matters and matters affecting the Entrenched Rights of the LF Provider as an Obligor Secured Creditor.

OBLIGOR SECURITY DOCUMENTS

Each Obligor will, on or before the Closing Date, enter into the Obligor Deed of Charge (together with the STID and each deed of accession thereto and any supplemental deed, each security document entered into by an Obligor governed by Scots law pursuant to the Obligor Deed of Charge and any other security documents designated as such by the Borrower and the Obligor Security Trustee, the **Obligor Security Documents**) with the Obligor Security Trustee.

Pursuant to the Obligor Deed of Charge, each Obligor will:

- (a) guarantee the obligations of each other Obligor under the Obligor Transaction Documents; and
- (b) grant security over its assets and undertakings (including security over, in the case of the Obligor HoldCo, its shares in the Borrower, the Nominees and the General Partners and their rights under the Partnership Deeds).

Obligor Deed of Charge

The security granted by the Obligors (the **Obligor Security**) will be granted to the Obligor Security Trustee as trustee for itself and the other Obligor Secured Creditors in respect of all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Obligor Secured Creditor under each Obligor Transaction Document to which such Obligor is a party (the **Obligor Secured Liabilities**).

The Obligor Deed of Charge will, to the extent applicable, incorporate the provisions of the CTA.

The security constituted by the Obligor Deed of Charge will be expressed to include (in each case, to the extent capable of being assigned and/or charged):

- (a) assignment and/or charges over:
 - (i) the Properties (other than the Scottish Properties) by way of first legal mortgage;
 - (ii) the Management Company Leases (other than the Management Company Leases of the Scottish Properties);
 - (iii) the Rental Income in respect of each Property (other than the Scottish Properties);
 - (iv) all contracts, deeds, licences, covenants and other documents entered into by, given to or otherwise benefiting each Obligor in respect of each Property;
 - (v) all other real property of each Obligor by way of first fixed equitable charge;
 - (vi) all monies standing to the credit of each Obligor's bank accounts and the debts represented thereby;
 - (vii) the uncalled capital of each Obligor;
 - (viii) the Authorised Investments of each Obligor;
 - (ix) all shares of each Obligor, including all dividends, interest and other monies payable in respect thereof and all other rights related thereto;

- (x) the Partnership Deeds; and
- (xi) all book and other debts owned by each Obligor;
- (b) an assignment (and, to the extent not assignable, charge) of each Obligor's rights in respect of insurances taken out by it and to the proceeds of any such insurance policies (other than motor insurance, employer's liability insurance, directors and officers liability insurance, pension fund trustee liability insurance and any other third-party liability insurance);
- (c) an assignment (and, to the extent not assignable, charge) of each Obligor's rights in respect of the Obligor Transaction Documents (other than the Obligor Deed of Charge); and
- (d) a first floating charge of each Obligor's assets not otherwise mortgaged, charged or assigned under the Obligor Deed of Charge (but extending over each Obligor's assets located in Scotland or governed by Scots law).

The Obligor Security will be held on trust by the Obligor Security Trustee for itself and on behalf of the other Obligor Secured Creditors.

The Obligor Deed of Charge will provide that the Obligor Security Trustee will enforce the Obligor Security by appointing an administrative receiver in respect of the Obligors (other than the Limited Partnerships) if it has actual notice of:

- (a) an application for the appointment of an administrator in respect of that Obligor; or
- (b) the giving of a notice of intention to appoint an administrator in respect of that Obligor.

The Obligor Deed of Charge will:

- (a) set out a mechanism whereby further creditors of the Obligors may accede thereto in order to obtain an interest in the Obligor Security and become Obligor Secured Creditors;
- (b) regulate the relationships between the various Obligor Secured Creditors; and
- (c) incorporate market standard provisions whereby all Obligor Secured Creditors will agree that the Obligor Security Trustee alone may enforce the Obligor Security.

Scottish security

Pursuant to the Obligor Deed of Charge, the following security will be granted by each relevant Obligor over its assets located in Scotland or the rights to which are governed by Scots law:

- (a) a Standard Security by each relevant Nominee or Management Company (as applicable) over the legal title to each Scottish Property and the tenant's interest under the Management Company Lease of each Scottish Property;
- (b) an assignation in security by each relevant Nominee of the Rental Income in respect of each Scottish Property;
- (c) an assignation in security by each relevant Limited Partnership of its beneficial interest in each Scottish Property; and
- (d) the Scottish Floating Charges.

Issuer Deed of Charge

The Issuer will create security (the **Issuer Security**) over all of its assets and undertakings, in favour of the Issuer Security Trustee pursuant to the Issuer Deed of Charge including:

- (a) charges over:
 - (i) all monies standing to the credit of its bank accounts and the debts represented thereby;
 - (ii) its Authorised Investments;
 - (iii) all book and other debts owned by it;
- (b) an assignment (and, to the extent not assignable, charge) of its rights in respect of the Issuer Charged Documents and the Subscription Agreement; and
- (c) a first floating charge of its assets not otherwise mortgaged, charged or assigned under the Issuer Deed of Charge (but extending over all of its assets located in Scotland or governed by Scots law).

The Issuer Security will be held on trust by the Issuer Security Trustee for itself and on behalf of the other Issuer Secured Creditors in respect of any and all monies, obligations and liabilities and all other amounts due, owing, payable or owed by the Issuer to the Issuer Secured Creditors under the Notes and/or the Issuer Transaction Documents and references to Issuer Secured Liabilities includes references to any of them (the **Issuer Secured Liabilities**) in accordance with and subject to the terms of the Issuer Deed of Charge.

The Issuer Deed of Charge will:

- (a) set out a mechanism whereby further creditors of the Issuer may accede thereto in order to obtain an interest in the Issuer Security and become Issuer Secured Creditors;
- (b) regulate the relationships between the various Issuer Secured Creditors (including the Note Trustee on behalf of the Noteholders and/or Couponholders);
- (c) incorporate market standard provisions whereby all Issuer Secured Creditors will agree that the Issuer Security Trustee alone may enforce the Issuer Security;
- (d) set out the manner in which the Noteholders and/or Couponholders may instruct the Note Trustee where the Note Trustee so requires or the Issuer Transaction Documents so require (including in respect of matters under the STID); and
- (e) include market standard limited recourse and non-petition provisions.

The Issuer Deed of Charge will provide that the Issuer Security Trustee will enforce the Issuer Security by appointing an administrative receiver in respect of the Issuer if it has actual notice of:

- (a) an application for the appointment of an administrator in respect of the Issuer; or
- (b) the giving of a notice of intention to appoint an administrator in respect of the Issuer.

Issuer Charged Documents means the Issuer Transaction Documents to which the Issuer is a party (other than the Note Trust Deed and the Issuer Deed of Charge) and all other contracts, documents, agreements and deeds to which it is, or may become, a party (other than the Note Trust Deed and the Issuer Deed of Charge).

OBLIGOR ACCOUNT BANK AGREEMENT

General

The Borrower has established the Borrower Account and, as and when required, will establish the Borrower Hedge Collateral Account. Additionally, each General Partner (other than Filbert Village GP Limited) has established a Sinking Fund Account, a General Account, a Cure Deposit Account, Disposal Proceeds Account, a Defeasance Account, an LP Hedge Collateral Account and a Lock-Up Account. USAF GP No. 1 Limited has established the VAT Account. Each of the Management Companies have established a Commercial Rent Deposit Account, a Student Rent Deposit Account and a Management Company Account. The Obligor Accounts will be held with the Obligor Account Bank pursuant to the Obligor Account Bank Agreement dated the Closing Date between, *inter alios*, the Borrower, the General Partners the Obligor Account Bank and the Obligor Security Trustee.

As of the Closing Date, the General Partners for and on behalf of the Limited Partnerships shall also open, maintain and hold (i) one or more Obligor Liquidity Standby Accounts at the Obligor Account Bank in the event that the applicable LF Provider in respect of whom the Liquidity Standby Drawing has been made does not have the LF Provider Minimum Ratings and (ii) the Obligor Liquidity Reserve Account.

Termination

The Obligor Account Bank may resign its appointment upon not less than 60 days' notice to the Obligors (with a copy to the Obligor Security Trustee) provided that such resignation shall not take effect until a substitute Obligor Account Bank with the Account Bank Minimum Ratings in respect of each of the Rating Agencies rating the Notes and any Further Notes, Replacement Notes or New Notes has been duly appointed.

The Obligors may revoke their respective appointments of the Obligor Account Bank by not less than 60 days' notice to the Obligor Account Bank (with a copy to the Obligor Security Trustee and the Obligor Cash Manager) provided that such revocation shall not take effect until a substitute has been duly appointed. Furthermore, the Obligors shall forthwith terminate the appointment of the Obligor Account Bank if, *inter alia*, (a) an Insolvency Event occurs in relation to the Obligor Account Bank; (b) the Obligor Account Bank no longer has the Account Bank Minimum Ratings in respect of the Rating Agencies (including S&P) except that if there is no other clearing bank which maintains the Account Bank Minimum Ratings, the appointment of the Obligor Account Bank shall not terminate until such time as there is a bank which meets the applicable criteria or until some other arrangement is made which will not result in a downgrade withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Notes, and any Further Notes, Replacement Notes or New Notes; or (c) the Obligor Account Bank defaults in the performance of any of its material obligations under the Obligor Account Bank Agreement, subject to the applicable grace period, and, as applicable, provided that such termination shall not take effect until a replacement financial institution or institutions having the Account Bank Minimum Ratings (in respect of the Rating Agencies (including S&P) rating the Notes, and any Further Notes, Replacement Notes or New Notes) shall have entered into an agreement in form and substance similar to the Obligor Account Bank Agreement. Upon the occurrence of (b) above, the Obligor Account Bank shall be replaced within 60 days of the day on which the Obligor Account Bank no longer holds the Account Bank Minimum Ratings, provided that if the Obligors have used reasonable commercial efforts to so replace the Obligor Account Bank and has not been able to do so upon the expiry of those 60 days, the obligations of the existing Obligor Account Bank under the Obligor Account Bank Agreement will continue (even if past the 60 days) until a substitute Obligor Account Bank having the Account Bank Minimum Ratings has been appointed in accordance with the Obligor Account Bank Agreement.

(and the Obligor will continue to use reasonable commercial efforts to find a replacement Obligor Account Bank which holds the Account Bank Minimum Ratings).

UNITE Rent Collection Company Account

Rent and deposits from students and commercial lettings in relation to the Properties are collected in the UNITE Rent Collection Company Account. A trust will be declared over the UNITE Rent Collection Company Account in favour of, *inter alios*, the Management Companies in relation to those amounts attributable to the Properties which are leased by the Management Companies.

Each Management Company must procure that the UNITE Rent Collection Company must transfer any rent and/or deposits collected in the UNITE Rent Collection Company Account relating to any Properties leased by it to its Management Company Account no later than the Business Day following receipt.

Management Company Accounts

Each Management Company will no later than the 20th calendar day of each calendar month:

- (a) transfer an amount equal to its proportionate share of the security deposits paid by tenants under the Direct Occupational Leases in respect of the Properties (the **Student Rent Deposits**) from its Management Company Account to its Student Rent Deposit Account;
- (b) transfer an amount equal to its proportionate share of the security deposits paid by tenants under commercial leases in respect of the Properties (the **Commercial Rent Deposits**) from its Management Company Account to its Commercial Rent Deposit Account; and
- (c) transfer from its Management Company Account to the Borrower Account the remaining amounts standing to the credit of its Management Company Account which relate to the Properties to which the relevant Limited Partnership has an interest (other than (i) the relevant Limited Partnership's and Management Company's proportionate share of the Property and Asset Management Fee, the Cash Management Fee and, in respect of any calendar month, each amount certified by two directors of the Management Company to the Obligor Security Trustee as required to pay any invoices paid by the Property Manager in respect of Operating Costs the Approved Operating Costs for such month (the **Reimbursable Expenses**); (ii) the relevant Management Company's proportionate share of the amount of any Adjusted Approved Operating Costs less any amounts applied by the relevant Management Company to meet such Adjusted Approved Operating Costs; (iii) the relevant Limited Partnership's proportionate share of the fees, costs and expenses due and payable to the Operator; (iv) an amount equal to any unpaid ground rent due and payable by the relevant Limited Partnership under any Lease out of which the relevant Limited Partnership derives its interest in a Property; (v) any amount which is debited from the UNITE Rent Collection Company Account by the Obligor Cash Manager in respect of an amount credited to such account pursuant to a direct debit mandate from an account with insufficient cleared funds standing to its credit to make such payment (the **Failed Direct Debit Refunds**) in respect of the Properties of the relevant Limited Partnership; (vi) the relevant Limited Partnership's proportionate share of the Capex Amount to be paid into its Sinking Fund Account; and (vii) an amount equal to any VAT which is required to be paid by the relevant General Partner (on behalf of the relevant Limited Partnership) or the relevant Management Company to HMRC on account of supplies made in respect of the Properties, together with, in the case of items (i) to (vi) above, any amount in respect of VAT payable by it in respect of such amounts.

Prior to the delivery of an Obligor Enforcement Notice, a Management Company may withdraw from its Management Company Account (together with, in each case, any amount in respect of VAT payable by it in respect of such amounts):

- (a) at any time in a calendar month, an amount equal to the Adjusted Approved Operating Costs due in such calendar month and shall apply such amount only for such purpose and shall pay such amount to the persons entitled to it either directly or by payment to the Property Manager to pay on its behalf or to reimburse the Property Manager if already paid on its behalf;
- (b) on the immediately following Interest Payment Date or any Business Day occurring thereafter but prior to the next Payment Date, its and the relevant Limited Partnership's proportionate share of the Property and Asset Management Fee, the Cash Management Fee and the Reimbursable Expenses then due and payable to the Property Manager;
- (c) on the immediately following Interest Payment Date or any Business Day occurring thereafter but prior to the next Interest Payment Date, its proportionate share of the fees, costs and expenses then due and payable to the Operator;
- (d) at any time in a calendar month, an amount equal to any unpaid ground rent then due and payable under any Lease out of which the relevant Limited Partnership derives its interest in a Property and shall apply such amount on behalf of the relevant Limited Partnership only for such purposes and shall pay such amount to the Landlord entitled thereto either directly or by payment to the Property Manager to pay on its behalf or to reimburse the Property Manager if already paid on its behalf;
- (e) at any time in a calendar month, an amount equal to the Capex Amount for the relevant Limited Partnership for deposit into its Sinking Fund Account; and
- (f) at any time in a calendar month, an amount equal to any VAT which it or the relevant General Partner (on behalf of the relevant Limited Partnership) is required to pay to HMRC.

Borrower Account

The following proceeds will be deposited into the Borrower Account:

- (a) any proceeds of any drawing by the Obligors under the Liquidity Facilities Agreement (other than an Obligor Liquidity Standby Drawing);
- (b) any amounts withdrawn from the Obligor Liquidity Reserve Account and/or the Obligor Liquidity Standby Account;
- (c) any interest income earned from time to time on the Obligor Liquidity Standby Account;
- (d) any remaining amounts standing to the credit of the Management Company Account (following certain other payments to the Student Rent Deposit Accounts, the Commercial Rent Deposit Accounts and the VAT Account) which relate to the Properties to which a Limited Partnership has an interest (other than (i) each Management Company's and each Limited Partnership's share of the Property and Asset Management Fee, the Cash Management Fee and the Reimbursable Expenses; (ii) each Management Company's share of any Adjusted Approved Operating Costs less any amounts applied by that Management Company to meet such Adjusted Approved Operating Costs; (iii) each Limited Partnership's share of the fees, costs and expenses due and payable to the Operator; (iv) any unpaid ground rent due and

payable by each Limited Partnership under any Lease out of which the Limited Partnership derives its interest in a Property; (v) any Failed Direct Debit Refunds in respect of the Properties of each Limited Partnership; (vi) the Capex Amount to be paid into the Sinking Fund Accounts and (vii) an amount equal to any VAT which is required to be paid by each Management Company or each General Partner (on behalf of the relevant Limited Partnership) to HMRC, together with, in the case of items (i) to (vi) above, any amount in respect of VAT payable by it in respect of such amounts.

The Obligor Cash Manager shall open and maintain a ledger in the Borrower Account for the purposes of recording the amount retained in the Borrower Account pursuant to item (j) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities or item (j) of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities (as applicable).

Withdrawals will be made by the Borrower or the Obligor Cash Manager (on its behalf) from the Borrower Account in accordance with the relevant Borrower Payment Priorities.

Borrower Hedge Collateral Accounts

When entering into any Hedging Agreement, the Borrower shall instruct the Obligor Cash Manager to open an additional account with the Obligor Account Bank for the purposes of holding any collateral posted pursuant to such Hedging Agreement (any such account, a **Borrower Hedge Collateral Account**).

A Borrower Hedge Collateral Account shall be opened in respect of each Borrower Hedge Counterparty that may be required to post collateral pursuant to any Hedging Agreement. In the event that any Borrower Hedge Collateral Account is opened with a bank other than the Obligor Account Bank, the parties to the Obligor Account Bank Agreement (not including the Obligor Account Bank), will enter into an agreement on terms which are identical to the terms of the Obligor Account Bank Agreement (except amendments of a minor or technical nature to reflect the identities of the new parties thereto) in respect of such Borrower Hedge Collateral Account. Any Hedge Collateral Excluded Amounts received by the Borrower pursuant to a Hedging Agreement must be deposited in the relevant Borrower Hedge Collateral Account.

Prior to the discharge by the Borrower of all of its obligations under the relevant Hedging Agreement, no withdrawal will be made from the Borrower Hedge Collateral Accounts (relevant to such Hedging Agreement) other than for purposes of meeting obligations due from the Borrower to the Hedge Counterparty under such Hedging Agreement.

Defeasance Accounts

Any amounts otherwise to be paid by the Limited Partnerships to the Borrower by way of Intra-Group Payment for the purpose of the Borrower prepaying any Issuer/Borrower Loans corresponding to Fixed Rate Notes (including the Initial Issuer/Borrower Loan) (the **Defeased Amounts**) may, at the option of the Limited Partnerships, instead be deposited by the Limited Partnerships into the Defeasance Accounts (and corresponding entries made on the ledger(s) to the Defeasance Account created by the Obligor Cash Manager in accordance with the CTA (the **Defeasance Account Ledger**) established for the relevant Issuer/Borrower Loan) in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Withdrawals will be made from the Defeasance Accounts (and corresponding entries made on the Defeasance Account Ledger established for the relevant Issuer/Borrower Loan) in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Following the service of an Obligor Acceleration Notice, amounts standing to the credit of the Defeasance Accounts may only be applied by Intra-Group Payment by the relevant Limited Partnership to the Borrower for the purpose of the Borrower prepaying the relevant

Issuer/Borrower Loan (together with accrued interest and any related Repayment Costs and requiring the Issuer to redeem the corresponding Notes).

If for two consecutive Test Dates the Loan to Value Ratio is less than or equal to 50 per cent. (without taking into account the Unused Tender Amount credited to the Defeasance Account) and the Historic Cashflow ICR is greater than or equal to 2.00, the Unused Tender Amount may be withdrawn from the Defeasance Account in or towards the purchase of a Property or Properties by the Limited Partnerships.

Obligor Liquidity Standby Account

The proceeds of an Obligor Liquidity Standby Drawing by the Limited Partnerships will be placed by the Limited Partnerships in an Obligor Liquidity Standby Account, which will (regardless of whether the relevant LF Provider holds the LF Provider Minimum Ratings) be held with the Obligor Account Bank. Once an Obligor Liquidity Standby Drawing becomes a Relevant Obligor Liquidity Standby Drawing, the Borrower will apply funds from the Borrower Account to prepay (on behalf of the Limited Partnerships) the Obligor Liquidity Standby Drawing in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above and the applicable Borrower Payment Priorities.

Withdrawals from the Obligor Liquidity Standby Account are only permitted if:

- (a) such withdrawal is used to make payments that would have been made from drawings under the Obligor Liquidity Facility;
- (b) such withdrawal is used to repay an Obligor Liquidity Standby Drawing;
- (c) such withdrawal is used to make a mandatory deposit to the Obligor Liquidity Reserve Account equal to a repayment of an Obligor Liquidity Standby Drawing as referred to above; or
- (d) such withdrawal is for the purpose of transferring into the Borrower Account any interest income earned from time to time on the Obligor Liquidity Standby Account.

The Limited Partnerships must ensure that the proceeds of any drawing by each of them under the Obligor Liquidity Facilities Agreement (other than an Obligor Liquidity Standby Drawing) are paid directly into the Borrower Account.

Obligor Liquidity Reserve Account

On each Interest Payment Date where there is an Obligor Liquidity Event and/or where there is an Issuer Liquidity Event, the Borrower will by way of Intra-Group Payment pro rata and *pari passu*:

- (a) deposit (on behalf of the Limited Partnerships) into the Obligor Liquidity Reserve Account the lesser of (i) the Obligor Liquidity Event Amount and (ii) an amount equal to the Obligor Liquidity Proportion of 100 per cent. of the surplus amount standing to the credit of the Borrower Account after payment in full of the amounts owing under items (a) to (j) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities or, as applicable, after payment in full of the amounts owing under items (a) to (j) of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities; and/or
- (b) pay to the Issuer by way of Issuer/Borrower Facilities Fee for deposit into the Issuer Liquidity Reserve Account the lesser of (i) the Issuer Liquidity Event Amount and (ii) an amount equal to the Issuer Liquidity Proportion of 100 per cent. of the surplus amount standing to the credit of the Borrower Account after payment in full of the amounts

owing under items (a) to (j) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities or, as applicable, after payment in full of the amounts owing under items (a) to (j) of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities.

Amounts standing to the credit of the Obligor Liquidity Reserve Account or the Issuer Liquidity Reserve Account will only be applied to the extent of any shortfall on any Interest Payment Date to meet the items for which such amounts were drawn (being items (a) to (f) (inclusive) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities and the Borrower Post-Enforcement Pre-Acceleration Payment Priorities (but excluding items (a)(ii), (b)(vi), (d)(iii), (d)(iv), (e)(ii), (f)(i) and f(iii)).

If there is no Obligor Liquidity Event outstanding for two successive Test Dates, without taking into account amounts standing to the credit of the Obligor Liquidity Reserve Account, then the amount standing to the credit of the Obligor Liquidity Reserve Account shall be transferred to the General Accounts.

If there is no Issuer Liquidity Event outstanding for two successive Test Dates, without taking into account amounts standing to the credit of the Issuer Liquidity Reserve Account, then the amount standing to the credit of the Issuer Liquidity Reserve Account shall be transferred to the Issuer Transaction Account and an amount equal to any Issuer/Borrower Facilities Fee paid by the Borrower to the Issuer under the Issuer/Borrower Facilities Agreement but not used by the Issuer will be transferred to the Borrower.

Any amounts that have been credited to the Obligor Liquidity Reserve Account on the basis of an Interim Compliance Certificate when the Compliance Certificate in respect of the relevant Test Date evidences that such payment was not required to have been made shall be transferred to the General Account.

Lock-Up Accounts

If a Lock-Up Event has occurred and is continuing and no Trigger Event has occurred and is continuing, the Borrower will transfer by way of Intra-Group Payment an amount equal to 50 per cent. of the surplus amount standing to the credit of the Borrower Account after payment in full of the amounts owing under items (a) to (k) (inclusive) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities into the Lock-Up Accounts.

If a Trigger Event has occurred and is continuing, the Borrower will transfer by way of Intra-Group Payment an amount equal to 100 per cent. of the surplus amount standing to the credit of the Borrower Account after payment in full of the amounts owing under items (a) to (l) (inclusive) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities or, as applicable, items (a) to (k) (inclusive) of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities into the Lock-Up Accounts.

Amounts standing to the credit of the Lock-Up Accounts will be applied in accordance with the Trigger Event Consequences and the Prepayment Principles as set out in "*Common Terms Agreement*" above.

If there is no Trigger Event or Lock-Up Event outstanding for two consecutive Test Dates, without taking into account amounts standing to the credit of the Lock-Up Accounts, then on the second such Test Date and provided that no Lock-Up Event or other Trigger Event would occur as a result of such payment being made on such Test Date, the amount standing to the credit of the Lock-Up Accounts shall be transferred to the General Accounts. Otherwise, amounts shall remain held in the Lock-Up Accounts to be applied in accordance with the Trigger Event Consequences and the Prepayment Principles as set out in "*Common Terms Agreement*" above.

Any amounts credited to the Lock-Up Accounts on the basis of an Interim Compliance Certificate when the Compliance Certificate in respect of the relevant Test Date evidences that such payments were not required to have been made shall be transferred to the General Account.

Cure Deposit Accounts

If, in respect of any Test Date, a Financial Covenant Ratio Breach has occurred, the Limited Partnerships may make a Cure Deposit into the Cure Deposit Accounts on or before the next following Test Date.

If there has been no Financial Covenant Ratio Breach for two successive Test Dates, without taking into account amounts standing to the credit of the Cure Deposit Accounts, and provided that no Financial Covenant Ratio Breach would occur as a result of such payment being made on such Test Date, the amount standing to the credit of the Cure Deposit Accounts shall be transferred to the General Accounts.

If the Obligors have been in breach of the Financial Covenant Ratios for two successive Test Dates, without taking into account amounts standing to the credit of the Cure Deposit Accounts, then on the second such Test Date, amounts standing to the credit of the Cure Deposit Accounts shall be applied by way of Intra-Group Payment from the Limited Partnership to the Borrower by transfer from the Cure Deposit Accounts to the Borrower Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

LP Hedge Collateral Accounts

When entering into a Hedging Agreement, the Limited Partnerships shall instruct the Obligor Cash Manager to open an additional account(s) with the Obligor Account Bank for the purposes of holding any collateral posted pursuant to such Hedging Agreement (any such account, an **LP Hedge Collateral Account**).

An LP Hedge Collateral Account shall be opened in respect of each LP Hedge Counterparty that may be required to post collateral pursuant to any Hedging Agreement. In the event that any LP Hedge Collateral Account is opened with a bank other than the Obligor Account Bank, the parties to the Obligor Account Bank Agreement (not including the Obligor Account Bank), will enter into an agreement on terms which are identical to the terms of the Obligor Account Bank Agreement (except amendments of a minor or technical nature to reflect the identities of the new parties thereto) in respect of such LP Hedge Collateral Account. Any Hedge Collateral Excluded Amounts received by the Limited Partnerships pursuant to a Hedging Agreement must be deposited in the relevant LP Hedge Collateral Account.

Prior to the discharge by the relevant Limited Partnership of all of its obligations under the relevant Hedging Agreement, no withdrawal will be made from the LP Hedge Collateral Accounts (relevant to such Hedging Agreement) other than for purposes of meeting obligations due from the relevant Limited Partnerships to the Hedge Counterparty under such Hedging Agreement.

General Accounts

Amounts standing to the credit of the Disposal Proceeds Accounts, the VAT Account, the Obligor Liquidity Reserve Account and the Lock-Up Accounts will be transferred to the General Accounts in the circumstances set out in this "*Obligor Account Bank Agreement*" section. In addition, amounts will be placed in the General Account from the Borrower Account pursuant to item (n) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities (or pursuant to item (n) of the Borrower Post-Enforcement Post-Acceleration Payment Priorities).

Each Limited Partnership may make withdrawals from its General Account at its sole discretion, and in particular (but not limited to) for the purpose of Enhancement Capex and Restricted Payments (subject to certain conditions being met). However, if at any time the Loan to Value Ratio is greater than 70 per cent. (as calculated for the purposes of the Financial Covenant Ratios above), the relevant Limited Partnership will not be permitted to make any Restricted Payments from its General Account.

Commercial Rent Deposit Accounts and Student Rent Deposit Accounts

Each Management Company will establish two accounts with the Obligor Account Bank into which Student Rent Deposits and Commercial Rent Deposits, respectively, paid in respect of the Properties it holds the Management Leases to will be deposited from time to time (including the Management Company's interest in any replacement account, a **Commercial Rent Deposit Account**) and a **Student Rent Deposit Account** respectively.

Disposal Proceeds Accounts

The Limited Partnerships must ensure that on the date of the disposal of any Property:

- (a) if there is no Obligor Event of Default continuing, an amount equal to the Relevant Amount of any Net Disposal Proceeds if they exceed £1,000,000 in relation to such disposal is promptly paid directly into its Disposal Proceeds Account; or
- (b) if an Obligor Event of Default is continuing, the Net Disposal Proceeds are promptly paid directly into its Disposal Proceeds Account.

On the next Interest Payment Date following receipt of an amount into its Disposal Proceeds Account, the relevant Limited Partnership may, at its discretion, withdraw from its Disposal Proceeds Account an amount equal to such amount and apply such amount in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above or leave such amount on deposit in the Disposal Proceeds Account so that it may be applied for the purposes of acquisition of a Property in accordance with the terms of the CTA within 12 months from receipt into its Disposal Proceeds Account.

If the amount deposited into the Disposal Proceeds Accounts is not applied for the purposes of acquisition of a Property in accordance with the terms of the CTA within 12 months of receipt into that Disposal Proceeds Account, such amount shall be applied by the relevant Limited Partnership in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

If no Obligor Event of Default is continuing, any surplus Net Disposal Proceeds above the Relevant Amount shall be paid to the order of the relevant Limited Partnership or to its General Account.

Any proceeds of a compulsory purchase (including any compensation and damages received from any use disturbance and blight) of a Property or Properties if they exceed £1,000,000 will be promptly paid by the relevant Limited Partnership into its Disposal Proceeds Account and applied on the next Interest Payment Date following receipt into its Disposal Proceeds Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Any proceeds (other than proceeds from loss of rent insurance) received under the Insurance Policies if they exceed £1,000,000 will be promptly paid by the relevant Limited Partnership into its Disposal Proceeds Account and if not applied to reinstatement of the relevant Property within three years will be applied on the next Interest Payment Date in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Proceeds (other than loss of rent insurance) received under the Insurance Policies may be withdrawn from the Disposal Proceeds Account to be applied to reinstatement of the relevant Property or Properties within three years of receipt of such insurance proceeds.

Sinking Fund Accounts

The amount retained in the relevant Management Company Account for the purposes of Maintenance Capex in respect of the Properties of the relevant Limited Partnership as set out in the Interim Management Report or the Management Report (as applicable) (the **Capex Amount**) shall be paid into its Sinking Fund Accounts.

The Property Manager (for and on behalf of the relevant Limited Partnership) may withdraw such amounts from its Sinking Fund Account to pay capital expenditure up to the Approved Capital Expenditure Amounts and any additional capital expenditure costs which are certified to the Obligor Security Trustee by two directors of the Management Company to be due and payable at such time.

VAT Account

Each General Partner (for and on behalf of its Limited Partnership) shall pay or procure that there is paid into the VAT Account such part of the payments it receives as represents VAT chargeable on any supply or supplies made by its Limited Partnership for VAT purposes.

USAF GP No. 1 Limited shall use amounts standing to the credit of the VAT Account to pay any VAT which it is required to pay to HMRC from time to time.

On each Interest Payment Date, any amounts standing to the credit of the VAT Account over and above those required to be paid to HMRC (either then or in the future) shall be transferred to the relevant General Account.

Authorised Investments

All balances of the Borrower Account, the Obligor Liquidity Reserve Account, the Commercial Rent Deposit Accounts, the Student Rent Deposit Accounts, the Sinking Fund Accounts, the Disposal Proceeds Accounts, the Lock-Up Accounts, the Defeasance Accounts or the Cure Deposit Account may be invested by the relevant Obligor (or the Obligor Cash Manager on its behalf) in Authorised Investments provided that no Obligor Enforcement Notice has been delivered .

TAX DEED OF COVENANT

A tax deed of covenant (the **Tax Deed of Covenant**) will be entered into on the Closing Date by, amongst others, the Issuer, the Borrower, the GPs, the Nominees, the Obligor HoldCo, the Management Companies, the Limited Partners (or trustees on behalf of the Limited Partners), the Property Manager, USAF RCC Limited, the Issuer HoldCo, the Holding Company and the Parent Company, in each case, as defined in the Tax Deed of Covenant (together, the **Tax Covenantors**) and the Note Trustee, the Issuer Security Trustee and the Obligor Security Trustee (the **Tax Beneficiaries**).

The purpose of the Tax Deed of Covenant is to reduce the risk to the Issuer, the Borrower, the General Partners, the Nominees, the Management Companies, the Property Manager and USAF RCC Limited (the **Tax Obligors**) of secondary tax liabilities and to ensure that other unexpected tax liabilities do not arise in respect of the Tax Obligors by providing for various representations, warranties and covenants to be given by the Tax Covenantors as set out in more detail below.

Under the Tax Deed of Covenant, *inter alia*:

- (a) The Tax Obligors will give certain representations, warranties and covenants to the Tax Beneficiaries as to their tax position, including representations, warranties and covenants as to the following:
 - (i) their residency for tax purposes (where applicable);
 - (ii) compliance with tax laws in the United Kingdom;
 - (iii) the due payment of current and future taxes;
 - (iv) preparation of tax returns on a proper basis;
 - (v) no entry into transactions by the Issuer or the Borrower with the purpose of tax avoidance or securing a tax advantage; and
 - (vi) not taking certain steps which may render a Tax Obligor secondarily liable for tax.
- (b) The USAF Jersey Trustee undertakes that no steps which may render the Issuer, the Borrower, the GPs or the Nominees secondarily liable for tax have been or will be taken by any company owned directly or indirectly by USAF.
- (c) The Tax Obligors will represent, warrant and covenant to the Tax Beneficiaries as to certain VAT matters, including VAT group membership and the certain VAT matters relating to the Properties and supplies made in respect of the Properties.
- (d) The Tax Covenantors will give certain representations, warranties and covenants to the Tax Beneficiaries in relation to stamp duty land tax arising on transfers of properties and the obligation to withhold amounts for or on account of United Kingdom income tax under the Non-Resident Landlord Scheme from rent paid to the Limited Partnerships, including as follows:
 - (i) USAF Management Limited represents, warrants and covenants that it has not and will not, unless required by law, take any steps which would result in a material stamp duty land tax liability arising as a result of the withdrawal of group

relief in relation to the assignment of the management lease for Sunlight Apartments to USAF Management Limited; and

- (ii) USAF GP No.1 Limited and USAF GP No.10 Limited represent, warrant and covenant not to make capital distributions, repay any Limited Partner Loan, Acquisition Loan or Vendor Loan or take any other steps that could give rise to a “qualifying event” under paragraph 17A of Schedule 15 to the Finance Act 2003, within 3 years of the last to occur of the Reorganisation Transfers, in the case of LP1, or 3 years of 15 September 2010, in the case of LP10, unless the relevant Limited Partnership is able to fund the stamp duty land tax liability which arises as a result.
- (e) Each of the Issuer and the Borrower will give representations and warranties relevant to its status as a securitisation company.

NOTE TRUST DEED

General

On the Closing Date, the Issuer and the Note Trustee entered into a trust deed (the **Note Trust Deed**) pursuant to which the Notes will be constituted. The Note Trust Deed includes the form of the Notes and contains a covenant from the Issuer to the Note Trustee to pay all amounts due under the Notes. The Note Trustee will hold the benefit of that covenant on trust for itself and the Noteholders in accordance with their respective interests.

Enforcement

The Note Trustee may at any time, at its discretion and without notice and in such manner as it thinks fit (but subject at all times to the terms of the STID and the Note Trust Deed):

- (a) take such action, proceedings and/or other steps as it may think fit against or in relation to the Issuer or any other party to any Issuer Transaction Document to enforce its obligations under the Note Trust Deed, the Conditions, the Notes or any other Issuer Transaction Document and/or take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or any such other party;
- (b) exercise any of its rights under, or in connection with, the Note Trust Deed, the Conditions, the Notes or any other Issuer Transaction Document; and/or
- (c) give any directions to the Issuer Security Trustee under or in connection with any Issuer Transaction Document (including, but not limited to, the giving of a direction to the Issuer Security Trustee to enforce the Issuer Security after the occurrence of an Issuer Event of Default, but excluding any directions involving waivers or modifications as set out below),

provided that the Note Trustee shall not be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

Waiver of Issuer Events of Default

The Note Trustee may, in its sole discretion without the consent or sanction of the Noteholders and/or Couponholders of any class or any other Issuer Secured Creditor from time to time and at any time (subject as provided below) and without prejudice to its rights in respect of any subsequent breach, Issuer Event of Default, Potential Issuer Event of Default, Obligor Event of Default or Potential Obligor Event of Default (but only if and insofar as in its opinion the interests of the Noteholders of the Notes then outstanding shall not be materially prejudiced thereby), on such terms and subject to such conditions as to it shall seem expedient, waive or authorise, or direct the Issuer Security Trustee to waive or authorise, any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Notes and/or Coupons, these Conditions, the Notes Trust Deed and/or the other Issuer Transaction Documents (subject as provided in the STID in relation to any Common Document, the Tax Deed of Covenant or the Liquidity Facilities Agreement) and to the terms of the Note Trust Deed (and, in respect of it directing the Issuer Security Trustee, the Issuer Deed of Charge)), or to any other document to which it or the Issuer Security Trustee is a party or over which the Issuer Security Trustee holds security, or determine that any event which would otherwise constitute an Issuer Event of Default shall not be treated as such for the purposes of the Note Trust Deed provided that to the extent such event, matter or thing relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent in accordance with the Issuer Deed of Charge or, where any Noteholders are Affected Issuer Secured Creditors, the Noteholders of each class affected thereby have

sanctioned such event, matter or thing in accordance with the Note Trust Deed and provided further that the Note Trustee shall not exercise such powers in contravention of any express direction given by Extraordinary Resolution or a direction under Condition 9 (Issuer Events of Default) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made or so as to authorise or waive any such proposed breach or breach relating to any Basic Terms Modification unless the Noteholders have, by Extraordinary Resolution, so authorised its exercise.

Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Note Trustee may determine, shall be binding on the Noteholders and/or Couponholders and, unless the Note Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders in accordance with the Conditions as soon as practicable thereafter.

Modification

The Note Trustee may, without the consent or sanction of the Noteholders and/or Couponholders of any class or (subject as provided below and other than any Issuer Secured Creditor which is a party to the relevant Issuer Transaction Document (subject as provided in the STID in relation to any Common Document, the Tax Deed of Covenant or the Liquidity Facilities Agreement)) any of the other Issuer Secured Creditors, at any time and from time to time, concur with the Issuer and any other person, or direct the Issuer Security Trustee to concur with the Issuer or any other person, in making any modification: to (i) the Notes and/or Coupons, the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents (other than a Basic Terms Modification or in relation to any Issuer Transaction Documents which are Common Documents, the Tax Deed of Covenant or the Liquidity Facilities Agreement which shall be as provided in the STID), or to any other document to which it or the Issuer Security Trustee is a party or over which the Issuer Security Trustee holds security, or may give its consent to any event, matter or thing, if (a) in its opinion, it is proper to make and the interests of the holders of the Notes then outstanding would not be materially prejudiced thereby; and (b) in relation to any modification or consent which is required or permitted, subject to the satisfaction of specified conditions under the terms of the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents, as the case may be, provided that such conditions are satisfied; and (ii) the Notes and/or Coupons, the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents (other than in relation to any Issuer Transaction Documents which are Common Documents, the Tax Deed of Covenant or the Liquidity Facilities Agreement which shall be as provided in the STID) and the terms of the Note Trust Deed (and in respect of directing the Issuer Security Trustee, the Issuer Deed of Charge), or to any other document to which it or the Issuer Security Trustee is a party or over which the Issuer Security Trustee holds security, if, in its opinion, it is required to correct a manifest error or is of a formal, minor or technical nature, provided that to the extent such modification relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent in accordance with the Issuer Deed of Charge or, where any Noteholders are Affected Issuer Secured Creditors, the Noteholders of each class affected thereby have sanctioned such modification in accordance with the Note Trust Deed.

The Note Trustee shall, without the consent or sanction of any of the Noteholders and/or Couponholders of any class, concur with the Issuer, and/or direct the Issuer Security Trustee to concur with the Issuer, in making any modification to the Notes and/or Coupons, the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents that is requested by the Issuer in writing in order to comply with any criteria of the Rating Agencies which may be published after the Closing Date and which modifications the Issuer certifies to the Note Trustee and/or the Issuer Security Trustee (as applicable) in writing are required to avoid a downgrade, withdrawal or suspension of the then

current ratings assigned by a Rating Agency to the Notes provided that the Note Trustee shall not concur with the Issuer in making any such modification or giving any such consent or direct the Issuer Security Trustee to concur with the Issuer in making such modification unless and until the Issuer has obtained the consent in writing of each other party to any relevant Issuer Transaction Document to which such modification is applicable and provided further that, in relation to any Issuer Transaction Document which is a Common Document (with the exception of the MDA to the extent that the modification relates to a definition in such Issuer Transaction Document), the Liquidity Facilities Agreement and the Tax Deed of Covenant the provision of the STID relating to modifications thereto shall apply and that the Note Trustee and/or the Issuer Security Trustee (as applicable) shall not be obliged to agree to any such modification which, in the sole opinion of the Note Trustee and/or the Issuer Security Trustee (as applicable) would have the effect of (i) exposing the Note Trustee and/or the Issuer Security Trustee (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Note Trustee and/or the Issuer Security Trustee (as applicable) in respect of the Notes and/or Coupons, the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents.

Any modification may be made on such terms and subject to such conditions (if any) as the Note Trustee may determine, shall be binding upon the Noteholders and, unless the Note Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders in accordance with the Conditions as soon as practicable thereafter. It should be noted that the Issuer will not be obliged to request such modifications.

Action, proceedings and indemnification

The Note Trustee shall not be bound to take, or to give any direction to the Issuer Security Trustee to take, any actions, proceedings or steps in relation to the Note Trust Deed, the Notes, the Coupons or any other Issuer Transaction Document (subject as provided in the STID in relation to any Common Document, the Tax Deed of Covenant or the Liquidity Facilities Agreement) (including, but not limited to, the giving of a Issuer Acceleration Notice or the taking of any proceedings and/or steps and/or action or the giving of direction in relation to enforcement in accordance with the Note Trust Deed) unless: (a) directed to do so by an Extraordinary Resolution of the Noteholders (or, in the case of the giving of an Issuer Acceleration Notice, any class thereof) or in writing by the holders of at least one-fifth in Principal Amount Outstanding of the Notes and/or Coupons (or, in the case of the giving of an Issuer Acceleration Notice, any class thereof) then outstanding; and (b) then only if it shall be indemnified and/or secured to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing and, for this purpose, the Note Trustee may demand, prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it.

The Note Trustee shall also not be bound to take, or to give any direction to the Obligor Security Trustee to take, any actions, proceedings or steps in relation to the STID unless:

- (a) (in relation to all voting or direction matters (except those involving Entrenched Rights where any Noteholder and/or Couponholder is an Affected Issuer Secured Creditor) pursuant to the STID) directed to do so in accordance with the meeting provisions set out in schedule 4 (Provisions for Voting in respect of STID Notices) to the Note Trust Deed;
- (b) (in relation to matters pertaining to Entrenched Rights (where any Noteholder and/or Couponholder is an Affected Issuer Secured Creditor) pursuant to the STID) directed to do so in accordance with the voting provisions set out in schedule 3 (Provision for meetings of Noteholders) to the Note Trust Deed; and

- (c) it shall be indemnified and/or secured to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing and, for this purpose, the Note Trustee may demand, prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it.

Only the Note Trustee may enforce the provisions of the Note Trust Deed or the other Issuer Transaction Documents to which it is a party.

STID Voting Requests

On receipt of a STID Voting Request that gives rise to an Entrenched Right in respect of which the Issuer is an Affected Obligor Secured Creditor, the Note Trustee shall convene a meeting of the holders of the Notes and any New Notes then outstanding and affected by such Entrenched Right.

On receipt of a notice under the STID (a **STID Notice**) from the Obligor Security Trustee (which does not give rise to an Entrenched Right as described above), the Note Trustee shall promptly send a copy of such notice to the Noteholders in accordance with the Conditions.

Noteholders and any New Noteholders will vote by notice to the Note Trustee, sent through the clearing systems (for so long as the Notes are held in global form and cleared through the clearing systems) according to the Principal Amount Outstanding of the Notes and any Further Notes, Replacement Notes or New Notes held which correspond to the Outstanding Principal Amount of the relevant Issuer/Borrower Loan(s) which comprises Qualifying Debt for the purposes of the STID Notice.

The Note Trustee will, in respect of each STID Notice which is voted on by Noteholders and any New Noteholders, vote:

- (a) in an amount equal to the aggregate of the Outstanding Principal Amount of the Voted Qualifying Debt in respect of which Noteholders and any holders of Further Notes, Replacement Notes or New Notes voted for the relevant Voting Matter; and
- (b) in an amount equal to the aggregate of the Outstanding Principal Amount of the Voted Qualifying Debt in respect of which Noteholders and any holders of Further Notes, Replacement Notes or New Notes voted against the relevant Voting Matter.

Issuer covenants

The covenants given by the Issuer in the Note Trust Deed (subject to detailed carve-outs, exceptions and qualifications) include the following:

- (a) conduct its business in accordance with its obligations under the Note Trust Deed;
- (b) give the Note Trustee such documents needed to discharge or exercise its powers under the Note Trust Deed or by operation of law;
- (c) ensure compliance with accounting requirements as set forth by the Irish Stock Exchange;
- (d) keep proper books of account and allow the Note Trustee free access to such books of account;
- (e) maintain each of the Paying Agents and any other agent appointed by the Issuer pursuant to the Agency Agreement (the **Agents**) required in accordance with the

Conditions and maintain such other agents as may be required by the Conditions or by any other stock exchange (not being the Irish Stock Exchange) on which the Notes may be listed;

- (f) procure the Principal Paying Agent notify the Note Trustee in the event they do not receive payment of the full amount due on all Notes;
- (g) use reasonable endeavours to maintain the listing of the Notes on the Irish official list and the admission of the Notes to trading on the Irish Stock Exchange for so long as such Notes are outstanding (or, if such listing or trading ceases to be possible, or becomes unduly onerous, then the Issuer will use reasonable endeavours to obtain and maintain a quotation or listing of the Notes on another stock exchange or exchanges or securities market or markets (which shall be a "regulated market" for the purposes of Article 1(13) of Directive 93/22/EEC and a "recognised stock exchange" (as defined in Section 1005 of the Income Tax Act 2007) for the purposes of section 882 of the Income Tax Act 2007) and shall also upon obtaining a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets enter into a trust deed supplemental to the Note Trust Deed to effect such consequential amendments to the Note Trust Deed as the Note Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market);
- (h) send to the Note Trustee and obtain its approval, prior to the date on which any such notice is to be given, the form of every notice to be given to the Noteholders;
- (i) notify the Note Trustee if payments by the Issuer become subject to withholding;
- (j) deliver to the Note Trustee a certificate setting out the total number and aggregate nominal amount of the Notes which:
 - (i) up to and including the date of such certificate have been purchased by any Obligor and cancelled; and
 - (ii) are at the date of such certificate held by, for the benefit of, or on behalf of, the Issuer or any Obligor or the UNITE Fund or any member of the UNITE Group;
- (k) procure that each of the Agents makes available for inspection by Noteholders copies of the Note Trust Deed, the Agency Agreement and the then latest audited balance sheet and profit and loss account of the Issuer;
- (l) procure the delivery of legal opinion(s) as to English and any other relevant law, addressed to the Note Trustee, dated the date of any modification or amendment or supplement to the Note Trust Deed;
- (m) give notice to the Note Trustee of the proposed redemption of any Notes;
- (n) use all reasonable endeavours to minimise taxes and any other costs arising in connection with its payment obligations in respect of the Notes; and
- (o) give notice in writing to the Note Trustee of the occurrence of any Issuer Event of Default without waiting for the Note Trustee to take any further action.

ISSUER CASH MANAGEMENT AGREEMENT

General

The Issuer has appointed HSBC Bank plc as the Issuer Cash Manager pursuant to the Issuer Cash Management Agreement dated the Closing Date. Pursuant to the Issuer Cash Management Agreement, the Issuer Cash Manager will undertake certain cash management functions on behalf of the Issuer.

Cash management

As part of its duties under the Issuer Cash Management Agreement, the Issuer Cash Manager, *inter alia*: (a) will operate the Issuer Accounts and effect payments to and from the Issuer Accounts in accordance with the provisions of the relevant Issuer Transaction Documents; (b) will procure that all payments of principal, interest, the Issuer/Borrower Facilities Fees, the Initial Issuer/Borrower Facilities Fee or other amounts received or to be received under the Issuer/Borrower Facilities Agreement are identified and calculated as such; and (c) may invest under instruction and on a non-discretionary basis funds not immediately required by the Issuer in Authorised Investments in accordance with the provisions of the Issuer Cash Management Agreement.

Issuer Liquidity Reserve Account

See the summary set out in "*Obligor Account Bank Agreement – Obligor Liquidity Reserve Accounts*" as to when the Issuer Liquidity Reserve Account is funded and when it is drawn.

Issuer Pre-Enforcement Pre-Acceleration Payment Priorities

On each Interest Payment Date prior to the delivery of an Issuer Enforcement Notice and/or Issuer Acceleration Notice, amounts standing to the credit of the Issuer Transaction Account will be applied by the Issuer Cash Manager (on behalf of the Issuer) in accordance with the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities waterfall as described in more detail in "*Payment Priorities - Issuer Pre-Enforcement Pre-Acceleration Payment Priorities*" provided that any amounts raised by the Issuer by way of an issue of Further Notes, Replacement Notes or New Notes and standing to the credit of the relevant Issuer Account shall not be applied by the Issuer, or the Issuer Cash Manager on its behalf, in accordance with the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities and shall instead be advanced by the Issuer to the Borrower pursuant to the Issuer/Borrower Facilities Agreement as an advance corresponding to such Notes or New Notes.

Authorised Investments

All balances of any Issuer Account (including, without limitation, the Issuer Liquidity Reserve Account) may be invested by the Issuer in Authorised Investments.

Termination

The Issuer may terminate the appointment of the Issuer Cash Manager, *inter alia*: (a) at any time with at least 60 days' prior notice and the prior written consent of the Issuer Security Trustee; (b) if default is made by the Issuer Cash Manager in the performance or observance of any of its material covenants and material obligations under the Issuer Cash Management Agreement, subject to the applicable grace period; (c) if any Insolvency Event occurs in relation to the Issuer Cash Manager; or (d) if an Issuer Enforcement Notice is given and the Issuer Security Trustee is of the opinion that the continuation of the appointment of the Issuer Cash Manager is materially prejudicial to the interests of the Issuer Secured Creditors.

Subject to certain conditions (including that a suitable successor Issuer Cash Manager has been installed), the Issuer Cash Manager is entitled to resign upon giving 60 days' written notice of termination to the Issuer and the Issuer Security Trustee.

ISSUER ACCOUNT BANK AGREEMENT

General

The Issuer has established the Issuer Transaction Account (together with any other accounts opened by the Issuer in accordance with the Issuer Transaction Documents (which include the Issuer Liquidity Reserve Account), the **Issuer Accounts**). The Issuer Transaction Account will be held with the Issuer Account Bank pursuant to the Issuer Account Bank Agreement dated on or about the Closing Date between the Issuer, the Issuer Cash Manager, the Issuer Account Bank and the Issuer Security Trustee.

Following the Closing Date, as and when required in accordance with the Liquidity Facilities Agreement, the Issuer shall also open, maintain and hold one or more Issuer Liquidity Standby Accounts at the Issuer Account Bank in the event that the applicable LF Provider in respect of whom the Issuer Liquidity Standby Drawing has been made does not have the LF Provider Minimum Ratings.

Issuer Liquidity Reserve Account

See the summary set out in "*Obligor Account Bank Agreement – Obligor Liquidity Reserve Accounts*" as to when the Issuer Liquidity Reserve Account is funded and when it is drawn.

Termination

The Issuer Account Bank may resign its appointment upon not less than 60 days' notice to the Issuer (with a copy to the Issuer Security Trustee) provided that such resignation shall not take effect until a substitute Issuer Account Bank with the Account Bank Minimum Ratings in respect of each of the Rating Agencies rating the Notes and any New Notes has been duly appointed.

The Issuer may revoke its appointment of the Issuer Account Bank by not less than 60 days' notice to the Issuer Account Bank (with a copy to the Issuer Security Trustee and the Issuer Cash Manager) provided that such revocation shall not take effect until a substitute has been duly appointed. Furthermore, the Issuer shall forthwith terminate the appointment of the Issuer Account Bank if, *inter alia*: (a) an Insolvency Event occurs in relation to the Issuer Account Bank; (b) the Issuer Account Bank no longer has the Account Bank Minimum Ratings in respect of the Rating Agencies (including S&P) except that if there is no other clearing bank which maintains the Account Bank Minimum Ratings, the appointment of the Issuer Account Bank shall not terminate until such time as there is a bank which meets the applicable criteria or until some other arrangement is made which will not result in a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Notes and any Further Notes, Replacement Notes or New Notes; (c) the Issuer Account Bank defaults in the performance of any of its material obligations under the Issuer Account Bank Agreement, subject to the applicable grace period, and, as applicable, provided that such termination shall not take effect until a replacement financial institution or institutions having the Account Bank Minimum Ratings (in respect of the Rating Agencies (including S&P) rating the Notes and any Further Notes, Replacement Notes or New Notes) shall have entered into an agreement in form and substance similar to the Issuer Account Bank Agreement. Upon the occurrence of (b) above, the Issuer Account Bank shall be replaced within 60 days of the day on which the Issuer Account Bank no longer holds the Account Bank Minimum Ratings, provided that if the Issuer has used reasonable commercial efforts to so replace the Issuer Account Bank and has not been able to do so upon the expiry of those 60 days, the obligations of the existing Issuer Account Bank under the Issuer Account Bank Agreement will continue (even if past the 60 days) until a substitute Issuer Account Bank having the Account Bank Minimum Ratings has been appointed in accordance with the Issuer Account Bank Agreement (and the Issuer will

continue to use reasonable commercial efforts to find a replacement Issuer Account Bank which holds the Account Bank Minimum Ratings).

Issuer Liquidity Standby Account

The proceeds of an Issuer Liquidity Standby Drawing by the Issuer will be placed by the Issuer in the Issuer Liquidity Standby Account. Once an Issuer Liquidity Standby Drawing becomes a Relevant Issuer Liquidity Standby Drawing, the Issuer will apply certain amounts received from the Borrower as part of the Issuer/Borrower Facilities Fee to prepay the Issuer Liquidity Standby Drawing in accordance with the applicable Issuer Payment Priorities.

Withdrawals from the Issuer Liquidity Standby Account are only permitted if:

- (a) such withdrawal is used to make payments that would have been made from drawings under the Issuer Liquidity Facility;
- (b) such withdrawal is used to repay an Issuer Liquidity Standby Drawing;
- (c) such withdrawal is used to make a mandatory deposit to the Issuer Liquidity Reserve Account equal to a repayment of an Issuer Liquidity Standby Drawing as referred to above; or
- (d) such withdrawal is for the purpose of transferring into the Issuer Transaction Account any interest income earned from time to time on the Issuer Liquidity Standby Account.

AGENCY AGREEMENT

Pursuant to the Agency Agreement entered into on the Closing Date between, *inter alios*, the Issuer, the Note Trustee and the Principal Paying Agent, provision has been made for, among other things, payment of principal and interest in respect of the Notes.

PAYMENT PRIORITIES

BORROWER PAYMENT PRIORITIES

Borrower Pre-Enforcement Pre-Acceleration Payment Priorities

The CTA will provide that, on each Interest Payment Date prior to the service of an Obligor Acceleration Notice and/or an Obligor Enforcement Notice (or, in respect of items (a) to (d), on any date on which they fall due or, in respect of items (e)(ii), (f)(i), (g)(ii), (h)(i) and (k)(ii), on any Business Day following the Calculation Date immediately preceding the relevant Interest Payment Date on which such items shall become due up to (and including) the relevant Interest Payment Date), monies credited to the Borrower Account (including that retained pursuant to item (j) below on the previous Interest Payment Date) (together with amounts available to be drawn by the Limited Partnerships under the Obligor Liquidity Facility and/or withdrawn by the Limited Partnerships from the Obligor Liquidity Standby Account and/or the Obligor Liquidity Reserve Account and payable by the Limited Partnerships to the Borrower by Intra-Group Payment (but, in either case, only to be used for the purpose of paying items (a) to (f) (inclusive) (but excluding items (a)(ii), (b)(vi), (d)(iii), (d)(iv), (e)(ii), (f)(i) and (f)(iii))) (other than (i) amounts received by the Borrower from the Limited Partnerships by way of Intra-Group Payment which shall be applied in accordance with the Prepayment Principles, (ii) amounts standing to the credit of the Obligor Liquidity Standby Account (other than as provided above) or any Defeasance Account and (iii) the Hedge Collateral Excluded Amounts which shall be applied as set out in the CTA) must be applied for the purpose of enabling the following payments to be made (together with any VAT thereon, as provided for in the relevant Obligor Transaction Document) (the **Borrower Pre-Enforcement Pre-Acceleration Payment Priorities**):

- (a) **first**, in or towards satisfaction, pro rata and *pari passu*, of the amounts due in respect of:
 - (i) the remuneration, fees, costs, expenses, indemnity payments and any other amounts due and payable by the Borrower to the Obligor Security Trustee and appointees (if any) of the Obligor Security Trustee; and
 - (ii) the amount due and payable by the Borrower to the Issuer by way of Issuer/Borrower Facilities Fee in respect of the remuneration, fees, costs, expenses, indemnity payments and any other amounts due and payable by the Issuer to the Note Trustee and the Issuer Security Trustee and appointees (if any) under the Note Trust Deed or the Issuer Deed of Charge (respectively);
- (b) **second**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) the fees, costs and expenses due and payable by the Limited Partnerships to the RCF Agent and appointees (if any) of the RCF Agent and to the RCF Provider(s);
 - (ii) the fees, costs and expenses due and payable by the Limited Partnerships to any PF Agent and appointees (if any) of any PF Agent and to any PF Provider(s);
 - (iii) the fees, costs, expenses and indemnity payments due and payable by the Borrower to the Obligor Account Bank;
 - (iv) the fees, costs and expenses due and payable by the Borrower to the Obligor Cash Manager;

- (v) the fees, costs and expenses due and payable by the Borrower to the Property Advisor (if any); and
 - (vi) the amount due and payable by the Borrower to the Issuer by way of Issuer/Borrower Facilities Fee in respect of the fees, costs, expenses and indemnity payments due and payable by the Issuer to the Paying Agents under the Agency Agreement, the Issuer Account Bank under the Issuer Account Bank Agreement, the Issuer Cash Manager under the Issuer Cash Management Agreement and the Corporate Services Provider under the Corporate Services Agreement;
- (c) **third**, in or towards satisfaction pro rata and pari passu of:
- (i) any fees costs and expenses due and payable by the Limited Partnerships and the Management Companies to the Property Manager pursuant to the Property and Asset Management Agreement (other than the Property and Asset Management Fee and the Cash Management Fee and any Reimbursable Expenses that have been or will be paid out of the relevant Management Company Account); and
 - (ii) any fees, costs and expenses due and payable by the Limited Partnerships to the Operator;
- (d) **fourth**, in or towards satisfaction of:
- (i) the Borrower Profit Amount (which the Borrower may use to meet any United Kingdom corporation tax thereon);
 - (ii) any amounts due and payable by the Borrower and for which the Borrower is primarily liable in respect of all other United Kingdom and other Tax for which the Borrower is liable under the laws of any jurisdiction;
 - (iii) any amount due and payable by the Borrower to the Issuer by way of the Issuer/Borrower Facilities Fee in respect of the Issuer Profit Amount (which the Issuer may use to meet any United Kingdom corporation tax thereon); and
 - (iv) any amount due and payable by the Borrower to the Issuer by way of the Issuer/Borrower Facilities Fee in respect of other Third Party Amounts (including any amounts due and payable by the Issuer and for which the Issuer is primarily liable in respect of all other United Kingdom and other Tax for which the Issuer is liable under the laws of any jurisdiction);
- (e) **fifth**, in or towards satisfaction pro rata and pari passu of:
- (i) all amounts due and payable by the Limited Partnerships to the LF Provider (except amounts payable under item (g)(i) below); and
 - (ii) the amount due and payable by the Borrower to the Issuer by way of Issuer/Borrower Facilities Fee in respect of all amounts due and payable by the Issuer to the LF Providers (other than in respect of amounts payable under item (g)(ii) below);
- (f) **sixth**, in or towards satisfaction pro rata and pari passu of:
- (i) all interest due and payable by the Borrower to the Issuer on or in respect of the Issuer/Borrower Facilities;

- (ii) all interest due and payable by the Limited Partnerships to the RCF Provider(s) on or in respect of the Revolving Credit Facility;
 - (iii) all interest due and payable by the Limited Partnerships to the relevant PF Provider(s) on or in respect of any Permitted Facility;
 - (iv) all scheduled amounts due and payable by the Borrower to the relevant Borrower Hedge Counterparties under any Borrower Hedging Agreement; and
 - (v) all scheduled amounts due and payable by the relevant Limited Partnerships to the LP Hedge Counterparties under any LP Hedging Agreement;
- (g) **seventh**, in or towards satisfaction pro rata and *pari passu* of:
- (i) prepayment by the Limited Partnerships of any Relevant Obligor Liquidity Standby Drawings in accordance with the Prepayment Principles in the CTA; and
 - (ii) the amount due and payable by the Borrower to the Issuer by way of Issuer/Borrower Facilities Fee in respect of prepayment by the Issuer of any Relevant Issuer Liquidity Standby Drawings in accordance with the Prepayment Principles in the CTA;
- (h) **eighth**, in or towards satisfaction pro rata and *pari passu* of:
- (i) any other payments (including principal and any Repayment Costs) on the Issuer/Borrower Facilities due and payable by the Borrower to the Issuer;
 - (ii) all principal and any break costs or make whole amounts due and payable on the Revolving Credit Facility by the Limited Partnerships to the RCF Provider(s);
 - (iii) all principal and any break costs or make whole amounts due and payable on any Permitted Facility by the Limited Partnerships to the relevant PF Provider(s);
 - (iv) all unscheduled amounts and termination payments (other than any Subordinated Hedge Amounts) due and payable by the Borrower to the relevant Borrower Hedge Counterparties under any Borrower Hedging Agreement; and
 - (v) all unscheduled amounts and termination payments (other than any Subordinated Hedge Amounts) due and payable by the Limited Partnerships to the relevant LP Hedge Counterparties under any LP Hedging Agreement;
- (i) **ninth**, in or towards satisfaction pro rata and *pari passu* of:
- (i) any Subordinated Hedge Amounts due and payable by the Borrower to the relevant Borrower Hedge Counterparties under any Borrower Hedging Agreement; and
 - (ii) any Subordinated Hedge Amounts due and payable by the Limited Partnerships to the relevant LP Hedge Counterparties under any LP Hedging Agreement;

- (j) **tenth**, to retain in the Borrower Account an amount equal to 1.5 times the interest and recurring fees and commissions ranking senior thereto which are payable by the Obligors to the Obligor Secured Creditors under the Obligor Transaction Documents in the 6 month period commencing on that Interest Payment Date less the Projected Cashflow for such 6 month period (the **Liquidity Retention Amount**);
- (k) **eleventh**, in or towards satisfaction pro rata and *pari passu*, if:
 - (i) an Obligor Liquidity Event has occurred and is continuing in respect of the Test Date corresponding to such Interest Payment Date (or, if such Test Date occurs on a day that is not a Business Day, occurring immediately following such Interest Payment Date), payment of an amount equal to the lesser of (i) the Obligor Liquidity Event Amount and (ii) an amount equal to the Obligor Liquidity Proportion of 100% of the surplus amount standing to the credit of the Borrower Account after payment in full of the amounts owing under items (a) to (j) (inclusive) above to the Obligor Liquidity Reserve Account; and
 - (ii) an Issuer Liquidity Event has occurred and is continuing in respect of the Test Date corresponding to such Interest Payment Date (or, if such Test Date occurs on a day that is not a Business Day, occurring immediately following such Interest Payment Date), payment by the Borrower of an amount equal to the lesser of (i) the Issuer Liquidity Event Amount and (ii) an amount equal to the Issuer Liquidity Proportion of 100% of the surplus amount standing to the credit of the Borrower Account after payment in full of the amounts owing under items (a) to (j) (inclusive) above to the Issuer by way of Issuer/Borrower Facilities Fee in respect of the Issuer Liquidity Event Amount payable by the Issuer into the Issuer Liquidity Reserve Account;
- (l) **twelfth**, if a Lock-Up Event has occurred and is continuing and no Trigger Event has occurred and is continuing in respect of the Test Date corresponding to such Interest Payment Date (or, if such Test Date occurs on a day that is not a Business Day, occurring immediately following such Interest Payment Date), payment of 50 per cent. of the balance remaining in the Borrower Account after payment in full of the amounts owing under items (a) to (k) (inclusive) above to the Lock-Up Accounts;
- (m) **thirteenth**, if a Trigger Event has occurred and is continuing in respect of the Test Date corresponding to such Interest Payment Date (or, if such Test Date occurs on a day that is not a Business Day, occurring immediately following such Interest Payment Date), payment of 100 per cent. of the balance remaining in the Borrower Account after payment in full of the amounts owing under items (a) to (l) (inclusive) above to the Lock-Up Accounts; and
- (n) **fourteenth**, any surplus remaining following the payment in full of the amounts owing under items (a) to (m) (inclusive) above to or for the account of the Borrower to pay to the Limited Partnerships or to their General Accounts as an amount available to make Restricted Payments.

Borrower Post-Enforcement Pre-Acceleration Payment Priorities

The STID will provide that all monies received or recovered by the Obligor Security Trustee (or any Receiver appointed by it) in respect of the Obligor Security and under the Obligor Guarantees (the Available Enforcement Proceeds) including monies credited to the Borrower Account (including that retained pursuant to item (j) below on the previous Interest Payment Date) (together with amounts available to be drawn by the Limited Partnerships under the Obligor Liquidity Facility and/or withdrawn by the Limited Partnerships from the Obligor Liquidity Standby Account and/or the Obligor Liquidity Reserve Account and payable by the Limited

Partnerships to the Borrower by Intra Group Payment (but, in either case, only to be used for the purpose of paying items (a) to (f) (inclusive) (but excluding items (a)(ii), (b)(vi), (d)(iii), (d)(iv), (e)(ii), (f)(i) and (f)(iii))) (other than (i) amounts received by the Borrower from the Limited Partnerships by way of Intra-Group Payment which shall be applied in accordance with the Prepayment Principles, (ii) amounts standing to the credit of the Obligor Liquidity Standby Account (other than as provided above) or any Defeasance Account and (iii) the Hedge Collateral Excluded Amounts which shall be applied as set out in the STID) shall, following the delivery of an Obligor Enforcement Notice but prior to the delivery of an Obligor Acceleration Notice, be applied (to the extent that it is lawfully able to do so) on each Interest Payment Date (or, in respect of items (a) to (d) , on any date on which they fall due or, in respect of items (e)(ii), (f)(i), (g)(ii), (h)(i) and (k)(ii), on any Business Day following the Calculation Date immediately preceding the relevant Interest Payment Date on which such items shall become due up to (and including) the relevant Interest Payment Date) by or on behalf of the Obligor Security Trustee (or, as the case may be, any Receiver appointed by it) for the purpose of enabling the following payments to be made (together with any VAT thereon, as provided for in the relevant Obligor Transaction Documents) (the **Borrower Post-Enforcement Pre-Acceleration Payment Priorities**):

- (a) **first**, in or towards satisfaction pro rata and *pari passu* of the amounts due in respect of:
 - (i) the remuneration, fees, costs, expenses, indemnity payments and any other amounts due and payable by the Borrower to the Obligor Security Trustee and appointees (if any) of the Obligor Security Trustee (including any Receiver appointed by the Obligor Security Trustee); and
 - (ii) the amount due and payable by the Borrower to the Issuer by way of Issuer/Borrower Facilities Fee in respect of the remuneration, fees, costs, expenses, indemnity payments and any other amounts due and payable by the Issuer to the Note Trustee and the Issuer Security Trustee and appointees (if any) under the Note Trust Deed or the Issuer Deed of Charge (respectively);
- (b) **second**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) the fees, costs and expenses due and payable by the Limited Partnerships to the RCF Agent and appointees (if any) of the RCF Agent and to the RCF Provider(s);
 - (ii) the fees, costs and expenses due and payable by the Limited Partnerships to any PF Agent and appointees (if any) of any PF Agent and to any PF Provider(s);
 - (iii) the fees, costs, expenses and indemnity payments due and payable by the Borrower to the Obligor Account Bank;
 - (iv) the fees, costs and expenses due and payable by the Borrower to the Obligor Cash Manager;
 - (v) the fees, costs and expenses due and payable by the Borrower to the Property Advisor (if any); and
 - (vi) the amount due and payable by the Borrower to the Issuer by way of Issuer/Borrower Facilities Fee in respect of the fees, costs, expenses and indemnity payments due and payable by the Issuer to the Paying Agents under the Agency Agreement, the Issuer Account Bank under the Issuer Account Bank Agreement, the Issuer Cash Manager under the Issuer Cash Management

Agreement and the Corporate Services Provider under the Corporate Services Agreement;

- (c) **third**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) any fees, costs and expenses due and payable by the Limited Partnerships and the Management Companies to the Property Manager pursuant to the Property and Asset Management Agreement; and
 - (ii) any fees, costs and expenses due and payable by the Limited Partnerships to the Operator;
- (d) **fourth**, in or towards satisfaction of:
 - (i) the Borrower Profit Amount (which the Borrower may use to meet any United Kingdom corporation tax thereon);
 - (ii) any amounts due and payable by the Borrower and for which the Borrower is primarily liable in respect of all other United Kingdom and other Tax for which the Borrower is liable under the laws of any jurisdiction;
 - (iii) any amount due and payable by the Borrower to the Issuer by way of the Issuer/Borrower Facilities Fee in respect of the Issuer Profit Amount (which the Issuer may use to meet any United Kingdom corporation tax thereon); and
 - (iv) any amount due and payable by the Borrower to the Issuer by way of the Issuer/Borrower Facilities Fee in respect of other Third Party Amounts (including any amounts due and payable by the Issuer and for which the Issuer is primarily liable in respect of all other United Kingdom and other Tax for which the Issuer is liable under the laws of any jurisdiction);
- (e) **fifth**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) all amounts due and payable by the Limited Partnerships to the LF Provider(s) (except amounts payable under item (g)(i) below); and
 - (ii) the amount due and payable by the Borrower to the Issuer by way of Issuer/Borrower Facilities Fee in respect of all amounts due and payable by the Issuer to the LF Provider(s) (other than in respect of amounts payable under item (g)(ii) below);
- (f) **sixth**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) all interest due and payable by the Borrower to the Issuer on or in respect of the Issuer/Borrower Facilities;
 - (ii) all interest due and payable by the Limited Partnerships to the RCF Provider(s) on or in respect of the Revolving Credit Facility;
 - (iii) all interest due and payable by the Limited Partnerships to the relevant PF Provider(s) on or in respect of any Permitted Facility;
 - (iv) all scheduled amounts due and payable by the Borrower to the relevant Borrower Hedge Counterparties under any Borrower Hedging Agreement; and

- (v) all scheduled amounts due and payable by the Limited Partnerships to the relevant LP Hedge Counterparties under any LP Hedging Agreement;
- (g) **seventh**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) prepayment by the Limited Partnerships of any Relevant Obligor Liquidity Standby Drawings in accordance with the Prepayment Principles in the CTA; and
 - (ii) the amount due and payable by the Borrower to the Issuer by way of Issuer/Borrower Facilities Fee in respect of prepayment by the Issuer of any Relevant Issuer Liquidity Standby Drawings in accordance with the Prepayment Principles in the CTA;
- (h) **eighth**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) any other payments (including principal and any Repayment Costs) on the Issuer/Borrower Facilities due and payable by the Borrower to the Issuer;
 - (ii) all principal and any break costs or make whole amounts due and payable on the Revolving Credit Facility by the Limited Partnerships to the RCF Provider(s);
 - (iii) all principal and any break costs or make whole amounts due and payable on any Permitted Facility by the Limited Partnerships to the relevant PF Provider(s);
 - (iv) all unscheduled amounts and termination payments (other than any Subordinated Hedge Amounts) due and payable by the Borrower to the relevant Borrower Hedge Counterparties under any Borrower Hedging Agreement; and
 - (v) all unscheduled amounts and termination payments (other than any Subordinated Hedge Amounts) due and payable by the Limited Partnerships to the relevant LP Hedge Counterparties under any LP Hedging Agreement;
- (i) **ninth**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) any Subordinated Hedge Amounts due and payable by the Borrower to the relevant Borrower Hedge Counterparties under any Borrower Hedging Agreement; and
 - (ii) any Subordinated Hedge Amounts due and payable by the Limited Partnerships to the relevant LP Hedge Counterparties under any LP Hedging Agreement;
- (j) **tenth**, to retain in the Borrower Account an amount equal to the Liquidity Retention Amount;
- (k) **eleventh**, in or towards satisfaction pro rata and *pari passu*, if:
 - (i) an Obligor Liquidity Event has occurred and is continuing in respect of the Test Date corresponding to such Interest Payment Date (or, if such Test Date occurs on a day that is not a Business Day, occurring immediately following such Interest Payment Date), payment of an amount equal to the lesser of (i) the Obligor Liquidity Event Amount and (ii) an amount equal to the Obligor Liquidity Proportion of 100% of the surplus amount standing to the credit of the Borrower Account after payment in full of the amounts owing under items (a) to (j) (inclusive) above to the Obligor Liquidity Reserve Account; and

- (ii) an Issuer Liquidity Event has occurred and is continuing in respect of the Test Date corresponding to such Interest Payment Date (or, if such Test Date occurs on a day that is not a Business Day, occurring immediately following such Interest Payment Date), payment by the Borrower of an amount equal to the lesser of (i) the Issuer Liquidity Event Amount and (ii) an amount equal to the Issuer Liquidity Proportion of 100% of the surplus amount standing to the credit of the Borrower Account after payment in full of the amounts owing under items (a) to (j) (inclusive) above to the Issuer by way of Issuer/Borrower Facilities Fee in respect of the Issuer Liquidity Event Amount payable by the Issuer into the Issuer Liquidity Reserve Account; and
- (l) **twelfth**, payment of 100% of the balance remaining in the Borrower Account after payment in full of the amounts owing under items (a) to (k) (inclusive) above to the Lock-Up Accounts.

Borrower Post-Enforcement Post-Acceleration Payment Priorities

The STID will provide that all Available Enforcement Proceeds (other than (i) amounts standing to the credit of the Obligor Liquidity Standby Account and any Defeasance Account which shall be applied as set out in the STID and (ii) the Hedge Collateral Excluded Amounts which shall be applied as set out in the STID) must, following the delivery of both an Obligor Enforcement Notice and an Obligor Acceleration Notice by the Obligor Security Trustee, be applied (to the extent that it is lawfully able to do so) by or on behalf of the Obligor Security Trustee (or, as the case may be, any Receiver appointed by it) for the purpose of enabling the following payments to be made (together with any VAT thereon, as provided for in the relevant Obligor Transaction Document) (the **Borrower Post-Enforcement Post-Acceleration Payment Priorities**):

- (a) **first**, in or towards satisfaction pro rata and *pari passu* of the amounts due in respect of:
 - (i) the remuneration, fees, costs, expenses, indemnity payments and any other amounts due and payable by the Borrower to the Obligor Security Trustee and appointees (if any) of the Obligor Security Trustee (including any Receiver appointed by the Obligor Security Trustee); and
 - (ii) the amount due and payable by the Borrower to the Issuer by way of Issuer/Borrower Facilities Fee in respect of the remuneration, fees, costs, expenses, indemnity payments and any other amounts due and payable by the Issuer to the Note Trustee and the Issuer Security Trustee and appointees (if any) under the Note Trust Deed or the Issuer Deed of Charge (respectively);
- (b) **second**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) the fees, costs and expenses due and payable by the Limited Partnerships to the RCF Agent and appointees (if any) of the RCF Agent and to the RCF Provider(s);
 - (ii) the fees, costs and expenses due and payable by the Limited Partnerships to any PF Agent and appointees (if any) of any PF Agent and to any PF Provider(s);
 - (iii) the fees, costs, expenses and indemnity payments due and payable by the Borrower to the Obligor Account Bank;
 - (iv) the fees, costs and expenses due and payable by the Borrower to the Obligor Cash Manager;

- (v) the fees, costs and expenses due and payable by the Borrower to the Property Advisor (if any); and
 - (vi) the amount due and payable by the Borrower to the Issuer by way of Issuer/Borrower Facilities Fee in respect of the fees, costs, expenses and indemnity payments due and payable by the Issuer to the Paying Agents under the Agency Agreement, the Issuer Account Bank under the Issuer Account Bank Agreement, the Issuer Cash Manager under the Issuer Cash Management Agreement and the Corporate Services Provider under the Corporate Services Agreement;
- (c) **third**, in or towards satisfaction pro rata and *pari passu* of:
- (i) any fees, costs and expenses due and payable by the Limited Partnerships and the Management Companies to the Property Manager pursuant to the Property and Asset Management Agreement; and
 - (ii) any fees, costs and expenses due and payable by the Limited Partnerships to the Operator;
- (d) **fourth**, in or towards satisfaction of:
- (i) any amount due and payable by the Borrower to the Issuer by way of the Issuer/Borrower Facilities Fee in respect of the Issuer Profit Amount (which the Issuer may use to meet any United Kingdom corporation tax thereon); and
 - (ii) any amount due and payable by the Borrower to the Issuer by way of the Issuer/Borrower Facilities Fee in respect of other Third Party Amounts (including any amounts due and payable by the Issuer and for which the Issuer is primarily liable in respect of all other United Kingdom and other Tax for which the Issuer is liable under the laws of any jurisdiction);
- (e) **fifth**, in or towards satisfaction pro rata and *pari passu* of:
- (i) all amounts due and payable by the Limited Partnerships to the LF Provider(s); and
 - (ii) the amount due and payable by the Borrower to the Issuer by way of Issuer/Borrower Facilities Fee in respect of all amounts payable by the Issuer to the LF Provider(s);
- (f) **sixth**, in or towards satisfaction pro rata and *pari passu* of:
- (i) all interest due and payable by the Borrower to the Issuer on or in respect of the Issuer/Borrower Facilities;
 - (ii) all interest due and payable by the Limited Partnerships to the RCF Provider(s) on or in respect of the Revolving Credit Facility;
 - (iii) all interest due and payable by the Limited Partnerships to the relevant PF Provider(s) on or in respect of any Permitted Facility;
 - (iv) all scheduled amounts due and payable by the Borrower to the relevant Borrower Hedge Counterparties under any Borrower Hedging Agreement; and

- (v) all scheduled amounts due and payable by the Limited Partnerships to the relevant LP Hedge Counterparties under any LP Hedging Agreement;
- (g) **seventh**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) any other payments (including principal and any Repayment Costs) on the Issuer/Borrower Facilities due and payable by the Borrower to the Issuer;
 - (ii) all principal and any break costs or make whole amounts due and payable on the Revolving Credit Facility by the Limited Partnerships to the RCF Provider(s);
 - (iii) all principal and any break costs or make whole amounts due and payable on any Permitted Facility by the Limited Partnerships to the relevant PF Providers;
 - (iv) all unscheduled amounts and termination payments (other than any Subordinated Hedge Amounts) due and payable by the Borrower to the relevant Borrower Hedge Counterparties under any Borrower Hedging Agreement; and
 - (v) all unscheduled amounts and termination payments (other than any Subordinated Hedge Amounts) due and payable by the Limited Partnerships to the relevant LP Hedge Counterparties under any LP Hedging Agreement;
- (h) **eighth**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) any Subordinated Hedge Amounts due and payable by the Borrower to the relevant Borrower Hedge Counterparties under any Borrower Hedging Agreement; and
 - (ii) any Subordinated Hedge Amounts due and payable by the Limited Partnerships to the relevant LP Hedge Counterparties under any LP Hedging Agreement;
- (i) **ninth**, any surplus remaining following the payment in full of the amounts owing under items (a) to (h) (inclusive) above to or for the account of the Borrower to pay to the Limited Partnerships or to their General Accounts.

ISSUER PAYMENT PRIORITIES

Issuer Pre-Enforcement Pre-Acceleration Payment Priorities

The Issuer Cash Management Agreement will provide that, on each Interest Payment Date prior to the delivery of an Issuer Enforcement Notice by the Issuer Security Trustee and/or an Issuer Acceleration Notice by the Note Trustee, monies credited to the Issuer Transaction Account (together with amounts drawn under the Issuer Liquidity Facility and/or withdrawn from any Issuer Liquidity Standby Accounts and/or the Issuer Liquidity Reserve Account), must be applied by the Issuer Cash Manager (on behalf of the Issuer) in the following order of priority in making payment of or provision for any amounts then due and payable (or which will become due and payable during the Interest Period commencing on such Interest Payment Date (together with any VAT thereon, as provided for in the relevant Issuer Transaction Documents) in each case only to the extent that preceding items have been paid or provided for in full and the relevant payment does not cause the Issuer Transaction Account to become overdrawn and provided further that (a) any amounts raised by the Issuer by way of an issue of Further Notes, Replacement Notes or New Notes and standing to the credit of the relevant Issuer Account shall not be applied by the Issuer, or the Issuer Cash Manager on its behalf, in accordance with the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities and shall instead be advanced by the Issuer to the Borrower pursuant to the Issuer/Borrower Facilities Agreement as an Issuer/Borrower Loan corresponding to such Further Notes, Replacement

Notes or New Notes, (b) any monies drawn under the Liquidity Facilities Agreement or, as the case may be, withdrawn from any Issuer Liquidity Standby Accounts and/or the Issuer Liquidity Reserve Account in relation to that Interest Payment Date shall only be applied towards the payment of items (a) to (e) (inclusive) of the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities, (c) amounts received by the Issuer from the Borrower by way of Issuer/Borrower Facilities Fee under paragraph 8.1 of Schedule 9 (Obligor Cash Management) of the CTA and item (k)(ii) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities or item (k)(ii) of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities (as applicable) shall be deposited directly into the Issuer Liquidity Reserve Account, (d) amounts received by the Issuer from the Borrower by way of repayment or prepayment of all or part of any Issuer/Borrower Loan made under the Issuer/Borrower Facilities Agreement in accordance with Part 5 (Mandatory Prepayment and Voluntary Prepayment) of Schedule 2 (Covenants) of the CTA shall only be applied towards items (e) and (g) below and (e) amounts received by the Issuer from the Borrower by way of Issuer/Borrower Facilities Fee toward item (f) below shall only be applied for such purpose (the **Issuer Pre-Enforcement Pre-Acceleration Payment Priorities**):

- (a) **first**, in or towards satisfaction pro rata and *pari passu* of the remuneration, fees, costs, expenses, indemnity payments and other amounts due and payable by the Issuer to the Note Trustee and the Issuer Security Trustee and any appointees under the Note Trust Deed or the Issuer Deed of Charge respectively;
- (b) **second**, in or towards satisfaction pro rata and *pari passu* of the fees, costs, expenses and indemnity payments due and payable by the Issuer to:
 - (i) the Paying Agents under the Agency Agreement;
 - (ii) the Issuer Account Bank under the Issuer Account Bank Agreement;
 - (iii) the Issuer Cash Manager under the Issuer Cash Management Agreement; and
 - (iv) the Corporate Services Provider under the Corporate Services Agreement;
- (c) **third**, in or towards satisfaction pro rata and *pari passu* of:
 - (i) payment of amounts due and payable to any third party creditors of the Issuer, or to become due and payable to any third party creditors (including, but not limited to, the fees of the Central Bank of Ireland, the Irish Stock Exchange and any listing agent) of the Issuer during the following Interest Period (other than those referred to in the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities following this item), of which the Issuer Cash Manager has notice prior to the relevant Calculation Date, which amounts have been incurred without breach by the Issuer of the Issuer Transaction Documents and for which payment has not been provided for elsewhere in the relevant Issuer Payment Priorities (together, **Third Party Amounts**);
 - (ii) the Issuer Profit Amount (which the Issuer may use to meet any United Kingdom corporation tax thereon); and
 - (iii) any amounts due and payable by the Issuer and for which the Issuer is primarily liable in respect of all other United Kingdom and other Tax for which the Issuer is liable under the laws of any jurisdiction;
- (d) **fourth**, in or towards satisfaction of the Issuer's obligation to pay the LF Provider under the Liquidity Facilities Agreement in respect of amounts due and payable by the Issuer (other than in respect of amounts payable under item (f) below);

- (e) **fifth**, in or towards satisfaction *pro rata* and *pari passu* of all amounts of interest due or overdue but unpaid under the Notes;
- (f) **sixth**, commencing on and following a Relevant Issuer Liquidity Standby Drawing Amortisation Date, in or towards prepayment by the Issuer of any Relevant Issuer Liquidity Standby Drawings using Issuer/Borrower Facilities Fees received for such purpose in accordance with paragraph 6 of Part 5 (Mandatory Prepayment and Voluntary Prepayment) of Schedule 2 (Covenants) the CTA;
- (g) **seventh**, in or towards satisfaction *pro rata* and *pari passu* of all amounts of principal and premium (if any) due or overdue but unpaid under the Notes; and
- (h) **eighth**, any surplus to the Borrower by way of reimbursement of any Issuer/Borrower Facilities Fees paid by the Borrower to the Issuer under the Issuer/Borrower Facilities Agreement but not used by the Issuer.

Issuer Post Enforcement Pre-Acceleration Payment Priorities

The Issuer Deed of Charge will provide that all monies received by the Issuer or the Issuer Security Trustee and all monies standing to the credit of the Issuer Transaction Account following the delivery of an Issuer Enforcement Notice by the Issuer Security Trustee but prior to the delivery of an Issuer Acceleration Notice by the Note Trustee (together with amounts drawn under the Issuer Liquidity Facility and/or withdrawn from any Issuer Liquidity Standby Accounts and/or the Issuer Liquidity Reserve Account, which shall only be applied towards the payment of items (a) to (e) (inclusive) of the Issuer Post-Enforcement Pre-Acceleration Payment Priorities) shall be applied for the purpose of enabling the following payments (together with any VAT thereon, as provided for in the relevant Issuer Transaction Document) to be made in the following order of priority provided that (i) amounts received by the Issuer from the Borrower by way of Issuer/Borrower Facilities Fee under paragraph 8.1 of Schedule 9 (Obligor Cash Management) of the CTA and item (k)(ii) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities or item (k)(ii) of the Borrower Post-Enforcement Pre-Acceleration Payment Priorities (as applicable) shall be deposited directly into the Issuer Liquidity Reserve Account, (ii) amounts received by the Issuer from the Borrower by way of repayment or prepayment of all or part of any Issuer/Borrower Loan made under the Issuer/Borrower Facilities Agreement in accordance with Part 5 (Mandatory Prepayment and Voluntary Prepayment) of Schedule 2 (Covenants) of the CTA shall only be applied towards items (e) and (g) below and (iii) amounts received by the Issuer from the Borrower by way of Issuer/Borrower Facilities Fee toward item (f) below shall only be applied for such purpose (the **Issuer Post-Enforcement Pre-Acceleration Payment Priorities**):

- (a) **first**, in or towards satisfaction *pro rata* and *pari passu* of the remuneration, fees, costs, expenses, indemnity payments and other amounts due and payable by the Issuer to the Note Trustee and the Issuer Security Trustee and any appointees under the Note Trust Deed or the Issuer Deed of Charge respectively (including any Receiver appointed by the Issuer Security Trustee);
- (b) **second**, in or towards satisfaction *pro rata* and *pari passu* of the fees, costs, expenses and indemnity payments due and payable by the Issuer to:
 - (i) the Paying Agents under the Agency Agreement;
 - (ii) the Issuer Account Bank under the Issuer Account Bank Agreement;
 - (iii) the Issuer Cash Manager under the Issuer Cash Management Agreement; and
 - (iv) the Corporate Services Provider under the Corporate Services Agreement;

- (c) **third**, in or towards satisfaction pro rata and *pari passu* of the:
 - (i) Third Party Amounts;
 - (ii) the Issuer Profit Amount (which the Issuer may use to meet any United Kingdom corporation tax thereon); and
 - (iii) any amounts due and payable by the Issuer and for which the Issuer is primarily liable in respect of all other United Kingdom and other Tax for which the Issuer is liable under the laws of any jurisdiction;
- (d) **fourth**, in or towards satisfaction of the Issuer's obligation to pay the LF Provider(s) under the Liquidity Facilities Agreement in respect of amounts owed by the Issuer (other than in respect of amounts payable under item (f) below);
- (e) **fifth**, in or towards satisfaction pro rata and *pari passu* of all amounts of interest due or overdue but unpaid under the Notes;
- (f) **sixth**, commencing on and following a Relevant Issuer Liquidity Standby Drawing Amortisation Date, in or towards prepayment by the Issuer of any Relevant Issuer Liquidity Standby Drawings using Issuer/Borrower Facilities Fees received by the Issuer for such purpose in accordance with paragraph 6 of Part 5 (Mandatory Prepayment and Voluntary Prepayment) of Schedule 2 (Covenants) the CTA;
- (g) **seventh**, in or towards satisfaction pro rata and *pari passu* of all amounts of principal and premium (if any) due or overdue but unpaid under the Notes; and
- (h) **eighth**, any surplus to the Borrower by way of reimbursement of any Issuer/Borrower Facilities Fees paid by the Borrower to the Issuer under the Issuer/Borrower Facilities Agreement but not used by the Issuer.

Issuer Post-Acceleration Payment Priorities

The Issuer Deed of Charge will provide that all monies received by the Issuer or the Issuer Security Trustee and all monies standing to the credit of the Issuer Transaction Account following the delivery of an Issuer Acceleration Notice by the Note Trustee shall be applied for the purpose of enabling the following payments (together with any VAT thereon, as provided for in the relevant Issuer Transaction Document) to be made in the following order of priority (the **Issuer Post-Acceleration Payment Priorities**):

- (a) **first**, in or towards satisfaction pro rata and *pari passu* of the remuneration, fees, costs, expenses, indemnity payments and other amounts due and payable by the Issuer to the Note Trustee and the Issuer Security Trustee and any appointees under the Note Trust Deed or the Issuer Deed of Charge (including any Receiver appointed by the Issuer Security Trustee);
- (b) **second**, in or towards satisfaction pro rata and *pari passu* of the fees, costs, expenses and indemnity payments due and payable by the Issuer to:
 - (i) the Paying Agents under the Agency Agreement;
 - (ii) the Issuer Account Bank under the Issuer Account Bank Agreement;
 - (iii) the Issuer Cash Manager under the Issuer Cash Management Agreement; and
 - (iv) the Corporate Services Provider under the Corporate Services Agreement;

- (c) **third**, in or towards satisfaction of the Issuer's obligation to pay the LF Provider(s) under the Liquidity Facilities Agreement in respect of amounts due and payable by the Issuer;
- (d) **fourth**, in or towards satisfaction pro rata and *pari passu* of all amounts of interest due or overdue but unpaid under the Notes;
- (e) **fifth**, in or towards satisfaction pro rata and *pari passu* of all amounts of principal and premium (if any) due or overdue but unpaid under the Notes; and
- (f) **sixth**, any surplus to the Borrower by way of reimbursement of any Issuer/Borrower Facilities Fees paid by the Borrower to the Issuer under the Issuer/Borrower Facilities Agreement but not used by the Issuer.

UNITE

The UNITE Group plc is the UK's leading developer and manager of student accommodation, with approximately 42,000 beds in over 120 centrally located properties in 23 university cities across the UK.

Since its establishment in 1991, UNITE has grown through a combination of organic growth, acquisitions and joint ventures. In 1999, its ordinary shares were admitted to trading on the AIM Market of the London Stock Exchange plc, and moved to the main market of the London Stock Exchange plc the following year. UNITE is now a member of the FTSE-250 index of companies, with a market capitalisation of approximately £602 million as at 22 May 2013.

UNITE's initial period of rapid growth was followed by a period of financial and operational consolidation during which a number of joint ventures were created allowing UNITE to benefit from further capital investment. UNITE is now focused on delivering a more consistent, balanced return profile from recurring earnings, rental growth and development returns, whilst maintaining modest gearing levels. The sole focus is currently on the UK student accommodation market.

UNITE generates income from the management and operation of properties (which are either owned by it or through co-investment vehicles in which it has a substantial minority interest). UNITE also benefits from development returns and capital growth through its property portfolio.

The strong locations of the properties managed by UNITE, together with a long period of growth in demand for university places and shortage of high quality accommodation, has driven high occupancy rates and solid rental growth over the long term and supported valuations of UNITE's properties.

The registered office of UNITE is The Core, 40 St. Thomas Street, Bristol BS1 6JX.

USAF

UNITE UK Student Accommodation Fund (**USAF**) is an open-ended non-listed real estate fund that focuses on acquiring and operating high quality student accommodation in the UK.

USAF is the largest UK specialist student accommodation fund. It currently holds a portfolio of 63 properties valued at over £1.3 billion which are located in 20 cities across the UK providing over 21,000 bed spaces.

Established in December 2006, USAF initially raised equity capital totalling £370 million from UK and European institutional property investors. It was initially seeded with a £515 million portfolio comprising 31 properties acquired from UNITE Group. USAF completed its most recent capital raise in December 2009, raising £167 million of equity.

USAF has now grown to having over 100 investors. UNITE is the largest investor with a current co-investment stake of 16.4 per cent. UNITE also acts as manager of USAF and operates its properties.

The UK student accommodation market

Full-time student numbers

Student numbers within the UK have grown for 20 years and doubled since 1991, driven by factors including government policy, demographics and global mobility. Over 1.65 million students now study full-time in the UK, including approximately 350,000 students from outside the UK, and student demand for places has outstripped availability for the last ten years.

As anticipated, the tuition fee increases that came into effect in September 2012 resulted in a modest reduction in university applications of 7.7 per cent. However, demand for higher education remains strong and the overall number of applicants for 2012/13 exceeded acceptances by over 200,000. Student numbers for the 2013/14 academic year are expected to increase by 25,000 to 30,000 following positive Government policy announcements and 3.5 per cent. growth in applications.

International students

Education is currently the UK's fifth largest service export. The strength of UK institutions, with 32 UK universities in the top 200 of The Times Higher Education's World University Ranking, makes the UK an attractive place for international students to study. The UK is the second most popular destination for overseas students, after the United States of America, attracting approximately 350,000 students in 2011.

Between 2000 and 2009 there was a 76 per cent. increase in the number of international students studying abroad globally. During that time, the proportion of international students in the UK increased from 11 per cent. to 13 per cent. Applications from non-EU international students (who make up 31 per cent. of USAF's direct let customer base) increased by 11 per cent. for the 2012/13 academic year over the 2011/12 academic year, demonstrating the continued appeal and strong global reputation of UK higher education institutions.

The global trend for studying abroad looks set to continue with the OECD forecasting that international mobility will more than double by 2025. The British Council has also projected substantial continued growth in international student numbers over the coming decade.

Supply and demand imbalance

A supply and demand imbalance persists in the student accommodation sector. In the period since 1991, during which student numbers have doubled, universities have generally been unable to fund the construction of sufficient of their own new student accommodation. This has greatly increased reliance on the private sector to provide their housing. University housing levels remain largely flat, while the private residential sector is facing increasing regulation and high demand from non-students. Access to capital and a strict planning environment are constraining the supply of new corporate purpose built student accommodation and in the broader private residential sector, the shortage of new housing stock and lack of mortgage availability have pushed rents higher over the last few years.

Rent and occupancy outlook

(a) Demand

The alignment of USAF's portfolios with stronger universities, together with its over-indexing of non-EU international students who are not subject to the new fee caps (approximately 38 per cent. of nationwide customers come from outside the UK, with 27 per cent. from outside the EU), leaves USAF confident about the deliverability of the strategy. Demand from school leavers is resilient and international demand is increasing, both of which are key customer groups for USAF.

(b) Supply

The planning regime remains challenging and capital constraints are also limiting new supply. Development activity in the sector is focused on London, and provincial development can be constrained by limited availability of finance.

The Group estimates that approximately 15,000 new beds will be completed in London by the academic year 2016/2017, although this is still below forecast growth in demand in London over the same period.

The supply and demand imbalance is expected to be greatest at lower price points.

(c) Rental growth

The continuing supply and demand imbalance is expected to continue to drive high occupancy rates for the properties within USAF's operational portfolio which is supportive of rental growth. USAF believes that prospects are strongest in London and the stronger university cities where the supply and demand imbalance is greatest and there are higher numbers of international students.

Product and service offering

Service offering

The properties within USAF's operational portfolio are purpose-built, professionally managed and branded, offering students high-quality accommodation. USAF provides an all inclusive product offering, including a high-speed broadband service, 24 hour management presence, a choice of room size, full furnishing, code swipe card entry, CCTV, games rooms, vending machines, bike stores and laundry facilities. Rents are also an inclusive package of utilities and contents insurance cover. USAF maintains a leading web presence in the sector, enabling customers to view, book rooms and manage their accounts on-line, with a scalable platform to permit growth. USAF manages the maintenance of the estate according to established

operating standards. As a result, USAF's properties tend to attract students who are from more affluent backgrounds and therefore have more disposable income.

USAF has commercial arrangements with universities in respect of approximately 31 per cent. of the rooms, with accommodation either leased to the educational institutions which then let individual units to students or under nominations agreements under which the accommodation is let direct to students, but with an institution typically guaranteeing a minimum rental income at agreed room rates. The remaining accommodation is let directly to students. The operational team has a strong track record of ensuring high levels of occupancy of rooms as follows:

Academic year	Occupancy
2008/9	97%
2009/10	96%
2010/11	97%
2011/12	99%
2012/13 ¹	95%

(1) Note: estimated.

USAF experienced a shift in buying patterns in respect of the 2012/3 academic year as a result of the new tuition fee regime. Most major phases of the annual sales cycle occurred later than in previous years and this trend has continued into the post A-level results phase, with both students and universities taking longer to confirm university places than has been the case historically. This disruption is likely to persist in 2013 as universities react to further refinements to Government policy but it is expected that companies with the ability to adapt their business model and secure demand through strong sales and marketing, and enduring relationships with universities, will be able to maintain similar levels of occupancy to prior academic years.

USAF manages its debt by obtaining parental guarantees, requiring rent to be paid by direct debit termly in advance and/or obtaining security and rent deposits, where possible. As a result, bad debt is less than 0.5 per cent. of its total rent.

Strategy

Background

USAF's strategy is to continue to grow recurring profit and cash flow through a combination of rental growth and cost efficiencies; increasing its portfolio's quality and targeted disposals; and improving the capital structure by diversifying its sources of capital and controlling leverage.

As a result, USAF believes that it is well placed to deliver a healthy, balanced return profile over the coming years.

Operations

Since 2010, USAF has adopted a strategy of growing significantly the recurring profits from its investment and management activities. It aims to achieve this through:

- (a) Rental growth: USAF has a track record of consistent rental increases, driven by the supply and demand imbalance in respect of student accommodation in its chosen markets. As referred to above, the supply and demand imbalance driving this growth is expected to continue, giving potential for further rental increases.

- (b) Operating efficiencies: USAF has been carrying out a programme of driving operating efficiencies, including the reduction of utilities costs, improved debt management and overheads savings. At the same time, service quality has been enhanced, with USAF achieving its highest ever customer satisfaction score in the survey it carried out in the first half of 2012.

Investment

USAF aims to deliver consistent year on year growth in the value of its investment portfolio, primarily through increasing like-for-like net operating income from its portfolio. For the past few years, annual growth has been in the range of three to four per cent. per annum and USAF is seeking to maintain growth at around that level in the medium-term.

USAF aims to deliver capital growth through:

- (a) Quality portfolio and strong university alignment: USAF is focusing on maintaining and improving the quality and location of its properties through refurbishment and regular disposal of non-core assets, as well as targeting development activity in cities with stronger universities.
- (b) Brand platform: USAF has improved its branded operating platform and focused on improving its customer service, and will continue to do so. The UNITE Group measures customer satisfaction bi-annually and recorded its highest score in 2012.

USAF has consistently outperformed the wider student accommodation sector and believes that it remains well positioned to continue doing so as a result of the quality of its portfolio locations and university relationships, ongoing opportunities for proactive asset management in the portfolio and its well-established brand platform.

Governance

Each of USAF and UNITE have separate governance policies and procedures in place. USAF is managed by the Advisory Committee (the **AC**), on which UNITE sits, but with a 16.4 per cent. stake it has a minority position. The other members are the top four largest investors. The AC reviews performance, terms of acquisitions and the business plan. AC approval is required for various things, including (but not limited to) changes to USAF's purpose or strategy, investment and operating criteria, leverage policy and valuation policy. There are independent corporate services company and trust manager (that are separate from UNITE) providing corporate secretarial services and accounting and reporting services.

In addition, where UNITE acts as property manager or in another related role, it does so on an arm's length basis, and has to meet certain conditions generally in respect of its appointment and to avoid being replaced. UNITE's role in such positions includes advising on acquisitions, managing sales and marketing (including agreeing Nomination Agreements), managing refurbishments and capital expenditure and controlling costs generally.

THE ISSUER

Introduction

UNITE (USAF) II plc (the **Issuer**) was incorporated in England and Wales on 14 May 2013 (with registered number 08528639), as a public company with limited liability under the Companies Act 2006 (as amended). The registered office of the Issuer is at 4th Floor, 40 Dukes Place, London EC3A 7NH. The telephone number of the Issuer is +44 (0) 20 3367 8200.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each (of which 12,500.50 is paid up), with 49,999 ordinary shares held by Issuer HoldCo and 1 ordinary share held on trust for the Issuer HoldCo. The entire issued share capital of Issuer HoldCo is held by Capita Trust Company Limited on discretionary trust.

Principal activities

The Issuer is organised as a special purpose company. The Issuer was established to raise capital by the issue of the Notes and to use an amount equal to the aggregate gross proceeds of the issue of the Notes to advance the Initial Issuer/Borrower Loan to the Borrower pursuant to the Issuer/Borrower Facilities Agreement.

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to: (i) its registration as a public company under the Companies Act 2006 (as amended); (ii) the authorisation and issue of the Notes; (iii) the ownership of such interests and other assets referred to herein; (iv) the other matters contemplated in this Prospectus; (v) the authorisation and execution of the other documents referred to in this Prospectus to which it is or will be a party; and (vi) other matters which are incidental or ancillary to those activities.

The Issuer's ongoing activities will principally comprise: (i) the issue of the Notes and any Further Notes, New Notes and/or Replacement Notes; (ii) the advance of the Initial Issuer/Borrower Loan and any further, new and/or replacement Issuer/Borrower Loans to the Borrower pursuant to the Issuer/Borrower Facilities Agreement; (iii) the entering into of the Issuer Transaction Documents to which it is expressed to be a party; and (iv) the exercise of related rights and powers and other activities referred to in this Prospectus or reasonably incidental to those activities.

The Issuer will covenant to observe certain restrictions on its activities which are detailed in Condition 3 (*Covenants*).

The Issuer will enter into the Issuer Transaction Documents for the purpose of making a profit.

The Issuer has no subsidiaries, employees or non-executive directors.

The current financial period of the Issuer will end on 31 December 2013.

KPMG Audit Plc, with its registered office at 15 Canada Square, London E14 5GL is the auditor of the Issuer. KPMG Audit Plc is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practice in England and Wales.

Directors and secretary

The directors of the Issuer and their respective business addresses and principal activities are:

Name	Business address	Principal activities
Capita Trust Corporate Services Limited	The Registry, 34 Beckenham Road, Beckenham BR3 4TU	Director of special purpose vehicles
Capita Trust Corporate Limited	The Registry, 34 Beckenham Road, Beckenham BR3 4TU	Director of special purpose vehicles
Paul Glendenning	4th Floor, Dukes Place, London EC3A 7NH	Director of special purpose vehicles

The company secretary of the Issuer is Capita Trust Secretaries Limited, whose business address is The Registry, 34 Beckenham Road, Beckenham BR3 4TU.

There are no potential conflicts of interest between any duties of the directors to the Issuer and their private interests and/or other duties.

Corporate Services Agreement

Pursuant to the terms of the Corporate Services Agreement, the Corporate Services Provider will provide certain directors to the Issuer and the Corporate Services Provider will also provide other corporate services to the Issuer in consideration for the payment by the Issuer of an annual fee to the Corporate Services Provider.

Pursuant to the terms of the Corporate Services Agreement, the Issuer (with the prior written consent of the Note Trustee) may, upon an event of default by the Corporate Services Provider, at any time (with 30 days' prior notice) terminate the Corporate Services Provider's appointment and appoint (in accordance with the terms of the Corporate Services Agreement) a successor corporate services provider.

Events of default in respect of the Corporate Services Provider include, *inter alia*: (i) a material breach of the terms of the Corporate Services Agreement (where such breach is not remedied within 30 days (or such other period as may be agreed between the parties)); and (ii) the occurrence of certain insolvency related events in relation to the Corporate Services Provider.

In addition, the Corporate Services Provider may resign by giving at least 30 days' notice to the Issuer and the Note Trustee.

Regardless of the reason, the termination of the appointment of the Corporate Services Provider will not take effect until a successor corporate services provider has been appointed in its place.

Upon the termination of its appointment, the Corporate Services Provider is required (subject to any legal or regulatory restrictions) to deliver all books of account, records, registers, correspondence and all documents relating to the affairs of or belonging to the Issuer and held by the Corporate Services Provider in relation to its appointment to the successor corporate services provider and is required to take such further lawful action as the successor corporate services provider may reasonably request in order to enable such successor corporate services provider to perform its servicing duties.

In no circumstances shall the Note Trustee be obliged to assume the obligations of the Corporate Services Provider.

The Corporate Services Agreement will be governed by English law.

Capitalisation and indebtedness statement

As at the date of this Prospectus (and prior to the issuance of the Notes):

	UNITE (USAF) II Plc £
Current debt	
Secured	-
Unsecured	-
Total current debt	-
Non-current debt (excluding current portion of long-term debt)	
Secured	-
Unsecured	-
Total non-current debt	-
Total debt	-
Capital and reserves	
Share capital	50,000
Other reserves	-
Total	50,000
Liquidity	
Cash	12,501
Cash equivalents	-
Total liquidity	12,501
Current financial receivable	
Current financial receivable	37,499
Current financial debt	
Current bank debt	-
Current portion of non-current debt	-
Other current financial debt	-
Total current financial debt	-
Net current financial indebtedness	50,000
Non-current bank loans	-
Notes issued	-
Other non-current loans	-
Non-current financial indebtedness	-
Net financial indebtedness	50,000

THE ISSUER HOLDCO

Introduction

USAF Issuer Holdings II Limited (the **Issuer HoldCo**) was incorporated in England and Wales on 14 May 2013 (with registered number 08528623), as a private company with limited liability under the Companies Act 2006 (as amended). The registered office of the Issuer HoldCo is at 7th Floor, Phoenix House, 18 King William Street, London EC4N 7HE.

The Issuer HoldCo's issued share capital as at the date of this Prospectus is £1. The Issuer HoldCo's issued share capital as at the date of this Prospectus comprised one ordinary share of £1 (which is fully paid up).

All of the Issuer HoldCo's issued share capital is held by Capita Trust Nominees No. 1 Limited (in such capacity, the **Issuer HoldCo Share Trustee**). The shares held by the Issuer HoldCo Share Trustee are held under the terms of a discretionary trust established under English law pursuant to the terms of a declaration of trust dated 5 June 2013.

Principal activities

The Issuer HoldCo is organised as a special purpose company. Since its incorporation, other than subscribing for or otherwise acquiring the issued share capital of the Issuer and certain changes to its name, the Issuer HoldCo has not engaged in any other activities.

The Issuer HoldCo holds all of the issued share capital of the Issuer (other than one ordinary share of the Issuer which is held by the Issuer HoldCo Share Trustee on trust for the Issuer HoldCo).

The Issuer HoldCo has no employees.

The current financial period of the Issuer HoldCo will end on 31 December 2013.

KPMG Audit Plc, with its registered office at 15 Canada Square, London E14 5GL is the auditor of the Issuer HoldCo. KPMG Audit Plc is a registered auditor and is a member of and is authorised by the Institute of Chartered Accountants in England and Wales to practice in England and Wales.

Directors and secretary

The directors of the Issuer HoldCo and their respective addresses and principal activities are:

Name	Business address	Principal activities
Capita Trust Corporate Services Limited	The Registry, 34 Beckenham Road, Beckenham BR3 4TU	Director of special purpose vehicles
Capita Trust Corporate Limited	The Registry, 34 Beckenham Road, Beckenham BR3 4TU	Director of special purpose vehicles
Paul Glendenning	4th Floor, 40 Dukes Place, London EC3A 7NH	Director of special purpose vehicles

The company secretary of the Issuer HoldCo is Capita Trust Secretaries Limited, whose business address is The Registry, 34 Beckenham Road, Beckenham BR3 4TU.

Corporate Services Agreement

Pursuant to the terms of the Corporate Services Agreement (see above "*The Issuer – Corporate Services Agreement*"), the Corporate Services Provider will provide certain directors to the Issuer HoldCo and the Corporate Services Provider will also provide other corporate services to the Issuer HoldCo in consideration for the payment by the Issuer HoldCo (or the Issuer on its behalf) of an annual fee to the Corporate Services Provider.

Pursuant to the terms of the Corporate Services Agreement, the Issuer HoldCo (with the prior written consent of the Note Trustee) may, upon an event of default by the Corporate Services Provider, at any time (with 30 days' prior notice) terminate the HoldCo Corporate Services Provider's appointment and appoint (in accordance with the terms of the Corporate Services Agreement) a successor corporate services provider.

Events of default in respect of the Corporate Services Provider include, *inter alia*: (i) a material breach of the terms of the Corporate Services Agreement (where such breach is not remedied within 30 days (or such other period as may be agreed between the parties)); and (ii) the occurrence of certain insolvency related events in relation to the Corporate Services Provider.

In addition, the Corporate Services Provider may resign by giving at least 30 days' notice to the Issuer, the Issuer HoldCo and the Note Trustee.

Regardless of the reason, the termination of the appointment of the HoldCo Corporate Services Provider will not take effect until a successor corporate services provider has been appointed in its place.

Upon the termination of its appointment, the Corporate Services Provider is required (subject to any legal or regulatory restrictions) to deliver all books of account, records, registers, correspondence and all documents relating to the affairs of or belonging to the Issuer HoldCo and held by the Corporate Services Provider in relation to its appointment to the successor corporate services provider and is required to take such further lawful action as the successor corporate services provider may reasonably request in order to enable such successor corporate services provider to perform its servicing duties.

In no circumstances shall the Note Trustee be obliged to assume the obligations of the Corporate Services Provider.

The Corporate Services Agreement will be governed by English law.

THE OBLIGORS

THE BORROWER

Introduction

USAF Finance II Limited (the **Borrower**) was incorporated in England and Wales on 13 May 2013 (with registered number 08526474) as a private company with limited liability under the Companies Act 2006 (as amended). The registered office of the Borrower is The Core, 40 St. Thomas Street, Bristol BS1 6JX. The telephone number of the Borrower is 0117 302 7145.

The Borrower is an indirect wholly owned subsidiary of USAF, in which UNITE has a minority interest but is not part of the UNITE Group. The Borrower is wholly owned by the Obligor HoldCo, which is owned by USAF in which UNITE has a minority interest but is not part of the UNITE Group. The rights of the Obligor HoldCo as a shareholder in the Borrower are contained in the articles of association of the Borrower and the Borrower will be managed by its directors in accordance with those articles and with the provisions of English law. See "*Corporate Structure Diagram of the Obligors*".

Principal activities

The principal objects of the Borrower are set out in clause 3 of its Memorandum of Association and are, *inter alia*, to raise and borrow money and to grant security over its assets for such purposes and to lend money with or without security.

The Borrower has not engaged, since its incorporation, in any activities other than those incidental to: (i) its incorporation and registration as a private limited company under the Companies Act 2006 (as amended); (ii) the authorisation of the Issuer/Borrower Facilities Agreement and the other documents and matters referred to or contemplated in this Prospectus to which it is or will be a party; and (iii) other matters which are incidental or ancillary to the foregoing activities.

Directors and secretary

The directors and secretary of the Borrower and their respective business addresses and principal activities are:

Name	Business address	Principal activities
Vanessa Kate Simms	The Core, 40 St. Thomas Street, Bristol, BS1 6JX	Deputy Chief Financial Officer
Nicholas Guy Richards	The Core, 40 St. Thomas Street, Bristol, BS1 6JX	Director of Financial Accounting
Joseph Julian Lister	The Core, 40 St. Thomas Street, Bristol, BS1 6JX	Corporate Financial Officer
Christopher Robert Szpojnarowicz	The Core, 40 St. Thomas Street, Bristol, BS1 6JX	Group Legal Officer and Company Secretary

The company secretary of the Borrower is Christopher Szpojnarowicz, whose business address is The Core, 40 St. Thomas Street, Bristol, BS1 6JX.

There are no potential conflicts of interest between any duties of the directors to the Borrower and their private interests and/or other duties.

Save as disclosed in this Prospectus, as at the date of this Prospectus, the Borrower has no loan capital outstanding or created but unissued, no material borrowings and/or indebtedness and/or contingent liabilities or outstanding guarantees.

The issued share capital of the Borrower is £1. It is not intended that there be any further payment on the issued share capital.

The current financial period of the Borrower will end on 31 December 2013.

KPMG Audit Plc, with its registered office at 15 Canada Square, London E14 5GL is the auditor of the Borrower. KPMG Audit Plc is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practice in England and Wales.

Capitalisation and indebtedness statement

As at the date of this Prospectus (and prior to the making of the Initial Issuer/Borrower Loan by the Issuer to the Borrower under the Issuer/Borrower Facilities Agreement):

	USAF Finance II Ltd £
Current debt	
Secured	-
Unsecured	-
Total current debt	-
Non-current debt (excluding current portion of long-term debt)	
Secured	-
Unsecured	-
Total non-current debt	-
Total debt	-
Capital and reserves	
Share capital	1
Other reserves	-
Total	1
Liquidity	
Cash	-
Cash equivalents	-
Total liquidity	-
Current financial receivable	
Current financial receivable	1

Current financial debt	
Current bank debt	-
Current portion of non-current debt	-
Other current financial debt	-
Total current financial debt	-
Net current financial indebtedness	
	1
Non-current bank loans	-
Bonds issued	-
Other non-current loans	-
Non-current financial indebtedness	-
Net financial indebtedness	1

THE LIMITED PARTNERSHIPS

General

Each Limited Partnership was established in England and Wales as an English limited partnership under the terms of a short form limited partnership agreement dated 18 July 2006 (in the case of USAF No. 1 Limited Partnership), a short form limited partnership agreement dated 12 December 2008 (in the case of USAF No. 10 Limited Partnership) and a short form limited partnership agreement dated 5 December 2006 (in the case of Filbert Village Student Accommodation, L.P.) (each, a **Partnership Deed**, and together, the **Partnership Deeds**).

USAF No. 1 Limited Partnership was registered and commenced on 21 July 2006; USAF No. 10 Limited Partnership was registered and commenced on 8 October 2008 and Filbert Village Student Accommodation, L.P. was registered and commenced on 15 December 2006. The Partnership Deeds for each of USAF No. 1 Limited Partnership and USAF No. 10 Limited Partnership were amended and restated on 7 November 2006 and 12 December 2008 respectively.

USAF No. 1 Limited Partnership and USAF No. 10 Limited Partnership (each, a **USAF LP**) each have three limited partners, being USAF LP Limited, Pavilion Trustees Limited (formerly Maurant & Co. Trustees Limited) (acting in its capacity as trustee of USAF (**USAF Jersey Trustee**)) and Michael James Wills Farrow (acting in his capacity as trustee of the UNITE Discretionary Trust (**DT Trustee**)).

Filbert Village Student Accommodation, L.P. (the **FV LP**) has two limited partners, being Walbrook Trustee (IOM) Limited (as managing trustee of Filbert Street Student Accommodation Unit Trust) and Filbert Village GP Limited (**FVGP**) acts as its general partner.

Summary of the Partnership Deeds

Purpose

USAF LPS

The purpose of the USAF LPs is to invest in certain permitted investments, including, student accommodation properties in the United Kingdom that have been developed by and which are owned by UNITE (which includes the Properties), student accommodation properties in the United Kingdom which are owned by any person other than UNITE, options, rights, easements in relation to such assets and cash or near cash pursuant to the relevant Partnership Deed. The purpose of the USAF LPs may only be changed with the consent of the Advisory Committee USAF provided that an amendment to the Partnership Deed requires the consent of all the partners of the USAF LPs.

FV LP

The purpose of the FV LP is to carry on the business of an investor and, in particular, to hold, develop, manage and sell property owned or acquired by the FV LP and to carry out property investment activities, including development and disposal in relation to property owned or acquired by the FV LP. The objective of the FV LP also includes the disposal, charging, varying or transporting of any and all investments, which may include shares or securities in any body corporate and units or interests in any unit trust scheme or partnership. The purpose of the FV LP may only be changed by extraordinary resolution of the limited partners of the FV LP.

Finance agreements

Each Partnership Deed contains a provision that no partner shall act in a manner that renders it or any other partner of the relevant Limited Partnership in breach of any financing agreement entered into by that Limited Partnership.

Partnership interests

As at the Closing Date, each Limited Partner will hold an interest in each relevant Limited Partnership comprising a contribution to the capital of each relevant Limited Partnership on the establishment of the Limited Partnerships and interests in interest-free loans to each relevant Limited Partnership.

The capital contributions made by Limited Partners to the respective Limited Partnerships are as follows:

USAF No. 1 Limited Partnership

UNITE Limited Partner – £78,901

USAF Jersey Trustee – £709,518

DT Trustee – £27

USAF No.10 Limited Partnership

UNITE Limited Partner – £30,000

USAF Jersey Trustee – £270,000

DT Trustee – £60

Filbert Village Student Accommodation, L.P.

Walbrook Trustees (IOM) Limited (IOM Trustee) – £1

The capital of each Limited Partnership may be increased from time to time by such amounts as the relevant General Partner may determine, provided that the DT Trustee may not be entitled or required to increase its capital contribution and no Limited Partner, excluding the DT Trustee, may be required to increase the amount of its capital contribution without first consenting to such increase and any such increase will be by the Limited Partners, excluding the DT Trustee, pro rata to their existing capital contributions unless they agree otherwise.

Each of the UNITE Limited Partner and the USAF Jersey Trustee shall, from time to time, advance to each Limited Partnership, in proportion to their respective capital contributions to each relevant Limited Partnership, such amount as the relevant General Partner shall determine in order to facilitate the refinancing or prepayment (in part) of the third party borrowings of the relevant Limited Partnership.

The General Partner of each Limited Partnership may at any time direct the Operator to invite any Limited Partner, excluding the DT Trustee who shall be entitled to accept or decline such invitation, to advance, by way of loan, to the relevant Limited Partnership such amounts as the relevant General Partner shall determine provided that the Limited Partners of the relevant Limited Partnership, excluding the DT Trustee, shall make any such loans pro rata to their existing capital contributions unless they otherwise agree.

Profits and distributions

The Limited Partners of each Limited Partnership are entitled to share in the profits of the relevant Limited Partnership in direct proportion to their capital contributions from time to time, after payment to the relevant General Partner of its priority distribution out of the income profits of the relevant Limited Partnership being (i) £20,000 per annum for USAF No. 1 Limited Partnership, (ii) a priority distribution equal to 0.4 per cent. per annum out of the income profits

of the partnership available for distribution in each year for USAF No. 1 Limited Partnership, (iii) a priority distribution equal to 0.4 per cent. per annum out of the income profits of the partnership available for distribution in each year for USAF No. 10 Limited Partnership and (iv) £2,500 per annum for Filbert Village Student Accommodation L.P.

Within 20 business days after each quarter date, net income (if any) in respect of the quarter ending on such quarter date is required to be distributed by the Operator on behalf of the relevant Limited Partnership to the Limited Partners in proportion to their respective capital contributions.

USAF LPs

Subject as set out below, in the event of a sale or other disposal by USAF LPs of any permitted investment or, if the relevant General Partner so determines, in the event of a refinancing of the relevant USAF LP, net proceeds shall, within 20 business days after the end of the quarter in which completion of such sale or other disposal or refinancing takes place, be distributed by the Operator on behalf of the relevant USAF LPs as follows:

- (a) first (but only with the prior approval of the relevant General Partner or on dissolution of the relevant USAF LP), to repay any outstanding loans made by the Limited Partners to an Obligor and subordinated under the terms of the STID (each a **Limited Partner Loan**) and loans made to the relevant USAF LP by the vendor of a property acquired by the relevant USAF LP for the purpose of funding the consideration for the sale of the Property to an Obligor and subordinated under the terms of the STID (a **Vendor Loan**) or by another member of the UNITE Group or an Existing Subsidiary for such purpose and subordinated under the terms of the STID (each an **Acquisition Loan**) *pari passu* in proportion to the amounts outstanding from time to time;
- (b) second,(but only with the prior approval of the relevant General Partner or on dissolution of the relevant USAF LP), to repay any capital contributions in proportion to the amounts contributed by the partners; and
- (c) thereafter or in the event that the relevant USAF LP is not dissolved, to the partners in direct proportion to their capital contributions as at the date of such sale or other disposal or refinancing.

The General Partner shall not (except in certain limited circumstances) approve the repayment of any outstanding Limited Partner Loan, Acquisition Loan owed to the USAF LPs or Vendor Loan before the third anniversary of Closing Date (in the case of USAF No. 1 Limited Partnership) or the third anniversary of 15 September 2010 (in the case of USAF No. 10 Limited Partnership).

FV LP

Proceeds from a sale or other disposal by the FV LP of any permitted investment shall, 30 days from the date of such disposal, be distributed by the operator on behalf of the FV LP as follows:

- (a) first, prepaying or repaying any bank borrowings of the FV LP as required by the terms of such borrowings;
- (b) second, the payment to the general partner, operator or their directors and officers in accordance with any indemnities granted to them;
- (c) third, to establish or increase the FV LP reserve in respect of actual or anticipated income liabilities and expenses; and

- (d) thereafter, to the partners in direct proportion to their capital contributions as at the date of such sale or other disposal or refinancing. Such payments shall be treated, where there are limited partner loan commitments outstanding, as a repayment of those loan commitments in priority to any repayment of a capital contribution.

The general partner and operator shall not cause the FV LP to make any distribution (i) that would render the FV LP insolvent or unable to pay its expenses within the following six month period (having regard to the expected receipts of the FV LP set out in the current cash flow statement of the FV LP); (ii) in the case of a payment to a partner, the payment would result in the aggregate of the "partners' current account", "capital contribution account" and "loan commitments account" being negative; (iii) which would put the FV LP in breach of any financing or any other agreement; or (iv) unless there is sufficient cash available for that distribution to be made.

Management and operation

Each Limited Partnership has appointed Mazars Corporate Finance Limited as operator to operate its partnership and its assets, in accordance with the terms of its Operating Agreement and as described below.

The respective Operators are not partners in the relevant Limited Partnership and will not be entitled to any share in the profits, nor be liable for any losses, of the relevant Limited Partnership.

The Limited Partnerships, acting by their Operator, have appointed UIS as the Property Manager, to provide advice in relation to the management of the Properties of the Limited Partnerships. The Property Manager is not a partner in the USAF LPs and will not be entitled to any share in the profits, nor be liable for any losses of, the Limited Partnerships.

In addition, each Operator has all customary powers, where appropriate, to execute documents, pay fees, maintain bank accounts and delegate powers where appropriate, as specified in more detail in the relevant Operating Agreement.

Each Limited Partnership's day-to-day business is delegated to the relevant General Partner and the relevant property manager.

Transfer of partnership interests

USAF LPs

Save in relation to the UNITE Limited Partner, no Limited Partner is permitted to retire from the Limited Partnerships without the prior consent of the relevant General Partner. In the event that USAF Jersey Manager Limited is removed as manager of USAF in accordance with the terms of the trust instrument constituting the Limited Partnerships, UNITE Limited Partner may give written notice that it wishes to retire from the relevant USAF LP. In such circumstances, the interests of the UNITE Limited Partner in the relevant Limited Partnership will be offered to the other Limited Partners (excluding the DT Trustee). If the offer to acquire such interests is not accepted, the UNITE Limited Partner may give written notice of its retirement from the relevant USAF LP and be entitled to receive a payment based on the net asset value of the USAF LP in proportion to its capital contributions Limited Partner Loans, Acquisition Loans and Vendor Loans.

The relevant General Partner may not assign or transfer its interest in its related Limited Partnerships without the prior written consent of the Limited Partners.

FV LP

No limited partner can transfer the whole or part of their units without the consent of all the partners and no limited partner shall be able to retire without the prior written consent of the general partner.

The General Partner may not assign or transfer its interest in the FV LP without the prior written consent of the limited partners.

Terms of the partnerships

Pursuant to the Partnership Deeds, the relevant Limited Partnership shall continue until such date as the Limited Partners and the General Partners shall unanimously agree. In addition, pursuant to the CTA the General Partners will agree not to agree to terminate the relevant Limited Partnership until all amounts under the Obligor Transaction Documents have been paid in full.

THE GENERAL PARTNERS

General

Each General Partner is a limited liability company incorporated in England and Wales with the company registration number set out in the table below. The registered office of each General Partner is The Core, 40 St. Thomas Street, Bristol BS1 6JX.

Name	Date of incorporation	Company registration number
USAF GP No. 1 Limited	7 August 2006	05897875
USAF GP No. 10 Limited	3 October 2008	06714734
Filbert Village GP Limited	1 December 2006	06016554

Principal activities

The principal objects of each General Partner are set out in clause 3 of its Memorandum of Association and include to carry on business as a general partner of any Limited Partnership.

Ownership

The authorised share capital of each General Partner is 1,000 ordinary shares of £1 each. As at the Closing Date, the issued share capital of each General Partner will be one ordinary share held by Obligor HoldCo which is owned by USAF in which UNITE has a minority interest but is not part of the UNITE Group.

Management

All matters to be decided by the relevant General Partner will be by majority decision of the board of directors, which, to be quorate, must have at least two directors present, except when only one director is in office. As referred to above, although the operation of each Limited Partnership's day-to-day business is delegated to its Operator and the Property Manager, certain matters will require the consent of the General Partner.

The directors and secretary of each General Partner are:

- Nicholas Guy Richards (director);
- Joseph Julian Lister (director); and
- Christopher Robert Szpojnarowicz (director and secretary).

Capitalisation and indebtedness

The capitalisation of each General Partner as at the date of this Prospectus is as follows:

Share capital

Authorised and issued:	_____
1,000 ordinary shares of £1 of which one has been issued fully paid	£1
Total capitalisation	£1

Save for the foregoing and save for the sum of £6,921.75 borrowed by GP10 from FVGP, at the date of this Prospectus, no General Partner has borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, other than in respect of (in the case of USAF GP No. 1 Limited) the Existing Intra-Group Loan and (in the case of USAF GP No. 10 Limited and Filbert Village GP Limited) the Existing Facility.

THE NOMINEES

General

Each Nominee is a limited liability company incorporated in England and Wales on the relevant date specified below with the company registration number set out in the table below. The registered office of each Nominee is The Core, 40 St. Thomas Street, Bristol, BS1 6JX. Each Nominee is a wholly owned subsidiary of the Obligor HoldCo, which is owned by USAF in which UNITE has a minority interest but is not part of the UNITE Group.

Name	Date of incorporation	Company registration number
USAF Nominee No. 1 Limited	22 June 2006	05855598
USAF Nominee No. 1A Limited	2 June 2006	05835512
USAF Nominee No. 10 Limited	3 October 2008	06714690
USAF Nominee No. 10A Limited	25 July 2006	06714615

Principal activities

The business of each Nominee is to hold the legal title to the Properties jointly with the correspondingly numbered Nominee.

Management

Each Nominee is managed by a board consisting of three directors. The directors and secretary of each Nominee are:

- Nicholas Guy Richards (director);
- Joseph Julian Lister (director); and
- Christopher Robert Szpojnarowicz (director and secretary).

Capitalisation and indebtedness

The capitalisation of each Nominee as at the date of this Prospectus is as follows:

Share capital

Authorised and issued:	=====
1,000 ordinary shares of £1 of which one has been issued fully paid	===== £1
Total capitalisation	===== £1

Save for the foregoing, at the date of this Prospectus, no Nominee has borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, other than in respect of the Existing Intra-Group Loan.

THE MANAGEMENT COMPANIES

The Management Companies are USAF Management Limited (**UML**), as appointed by USAF No. 1 Limited Partnership, and USAF Management 10 Limited (**UM10L**), as appointed by USAF No. 10 Limited Partnership.

UML

Introduction

UML was incorporated in England and Wales on 30 June 2006 (with registered number 5862721) as a private company with limited liability under the Companies Act 1985 (as amended). The registered office of UML is The Core, 40 St. Thomas Street, Bristol, BS1 6JX.

UML is wholly owned by LDC (Holdings) plc and indirectly by UNITE. See "*Corporate Structure Diagram of the Obligors*".

Principal activities

The principal objects of UML are set out in clause 3 of its Memorandum of Association and are, *inter alia*, to carry on business as a general commercial company.

Directors and secretary

The directors and secretary of UML are:

- Mark Christopher Allan (director);
- Nicholas Guy Richards (director);
- Joseph Julian Lister (director); and
- Christopher Robert Szpojnarowicz (director and secretary).

UM10L

Introduction

UM10L was incorporated in England and Wales on 3 October 2008 (with registered number 06714695, and initially under the name USAF Management 10 Ltd before its name was changed on 9 October 2008 to USAF Management 10 Limited) as a private company with limited liability under the Companies Act 1985 (as amended). The registered office of UM10L is The Core, 40 St. Thomas Street, Bristol, BS1 6JX.

UM10L is wholly owned by LDC (Holdings) plc and indirectly by UNITE. See "*Corporate Structure Diagram of the Obligors*".

Principal activities

The principal objects of UM10L are set out in clause 3 of its Memorandum of Association and are, *inter alia*, to carry on business as a general commercial company.

Directors and secretary

The directors and secretary of UM10L are:

- Mark Christopher Allan (director);
- Nicholas Guy Richards (director);
- Joseph Julian Lister (director); and
- Christopher Robert Szpojnarowicz (director and secretary).

THE OBLIGOR HOLDCO

General

USAF Holdings Limited is a limited liability company incorporated in England and Wales on 7 August 2006 with company registration number 5870107. The registered office of the Obligor HoldCo is The Core, 40 St. Thomas Street, Bristol, BS1 6JX. The Obligor HoldCo is a wholly owned subsidiary of USAF, in which UNITE has a minority interest but is not part of the UNITE Group.

Principal activities

The business of the Obligor HoldCo is to hold the share capital of the Borrower, the General Partners and the Nominees.

Management

The Obligor HoldCo is managed by a board consisting of four directors. The directors and secretary of the Obligor HoldCo are:

- Mark Christopher Allan (director);
- Joseph Julian Lister (director);
- Nicholas Guy Richards (director); and
- Christopher Robert Szpojnarowicz (director and secretary).

Capitalisation and indebtedness

The capitalisation of the Obligor HoldCo as at the date of this Prospectus is as follows:

Share capital

Authorised and issued:	=====
1,000 ordinary shares of £1 of which one has been issued fully paid	===== £1
Total capitalisation	===== £1

Save for the foregoing, at the date of this Prospectus, the Obligor HoldCo has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities other than in respect of the Existing Intra-Group Loan.

THE OTHER UNITE GROUP COMPANIES

THE UNITE LIMITED PARTNER

General

USAF LP Limited is a limited liability company incorporated in England and Wales on 28 June 2006 with company registration number 5860874. The registered office of the UNITE Limited Partner is The Core, 40 St. Thomas Street, Bristol BS1 6JX. The UNITE Limited Partner is a wholly owned subsidiary of LDC (Holdings) Plc and indirectly of UNITE.

Principal activities

The business of the UNITE Limited Partner is to act as a Limited Partner of USAF No. 1 Limited Partnership and USAF No. 10 Limited Partnership.

Management

The UNITE Limited Partner is managed by a board consisting of two directors. The directors and secretary of the UNITE Limited Partner are:

Nicholas Guy Richards (director); and

Christopher Robert Szpojnarowicz (secretary).

The capitalisation of the UNITE Limited Partner as at the date of this Prospectus is as follows:

Share capital

Authorised and issued:	_____
1,000 ordinary shares of £1 of which one has been issued fully paid	£1
Total capitalisation	£1

Save for the foregoing, and save for the sum of £68,744,006 borrowed by the UNITE Limited Partner from LDC (Holdings) Limited on an inter-company basis to fund, *inter alia*, its capital contributions to the Limited Partnerships, at the date of this Prospectus the UNITE Limited Partner has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

THE UNITE RENT COLLECTION COMPANY

Introduction

The UNITE Rent Collection Company was incorporated in England and Wales on 31 October 2006 (with registered number 05982935) as a private company with limited liability under the Companies Act 1985 (as amended). The registered office of the UNITE Rent Collection Company is The Core, 40 St. Thomas Street, Bristol, BS1 6JX.

The UNITE Rent Collection Company is wholly owned by LDC (Holdings) plc and indirectly by UNITE. See "*Corporate Structure Diagram of the Obligors*".

Principal activities

The principal objects of the UNITE Rent Collection Company are set out in clause 3 of its Memorandum of Association and are, *inter alia*, to carry on business as a general commercial company.

Directors and secretary

The directors of the UNITE Rent Collection Company are:

- Mark Christopher Allan (director);
- Nicholas Guy Richards (director);
- Joseph Julian Lister (director);
- Richard Charles Simpson (director);
- Richard Sauvan Smith (director); and
- Christopher Robert Szpojnarowicz (director and secretary).

THE PROPERTY MANAGER

Introduction

UNITE Integrated Solutions plc (the **Property Manager**) was incorporated in England and Wales on 10 July 1989 (with registered number 02402714) as a private company with limited liability under the Companies Act 1985 (as amended). The registered office of the Property Manager is The Core, 40 St. Thomas Street, Bristol, BS1 6JX.

The Property Manager is wholly owned by LDC (Holdings) plc and indirectly by UNITE. See "*Corporate Structure Diagram of the Obligors*".

Principal activities

The principal objects of the Property Manager are set out in clause 3 of its Memorandum of Association and are, *inter alia*, to carry on business as a general commercial company.

Directors and secretary

The directors of the Property Manager are:

- Mark Christopher Allan (director);
- Nicholas Guy Richards (director);
- Joseph Julian Lister (director);
- Richard Charles Simpson (director);
- Richard Sauvan Smith (director); and
- Christopher Robert Szpojnarowicz (director and secretary).

THE OPERATOR

General

Mazars Corporate Finance Limited is a limited liability company incorporated in England and Wales on 13 July 2001 with company registration number 04252262. The registered office of the Operator is at Tower Bridge House, St Katharines Way, London E1W 1DD. The Operator is authorised and regulated by the Financial Conduct Authority.

Principal activities

The Operator was incorporated for the purposes of, *inter alia*, establishing and operating unregulated collective investment schemes to enable compliance with regulatory requirements in relation to collective schemes under the Financial Services and Markets Act 2000 (the **FSMA**).

The Operator has been appointed pursuant to the terms of the operating agreement dated 29 September 2006 between the Operator and USAF GP No. 1 Limited (for itself and on behalf of USAF No. 1 Limited Partnership) and the operating agreement dated 12 December 2008 between the Operator and USAF GP No. 10 Limited (for itself and on behalf of USAF No. 10 Limited Partnership) (the **Operating Agreements**) to operate the Limited Partnerships, including its operation for the purposes of the FSMA, and will enter into the arrangements contemplated by this Prospectus in its capacity as operator of the Limited Partnerships.

The Operator's Scope of Permission Notice from the Financial Conduct Authority is dated as at 1 December 2001.

Management

The Operator is managed by a board consisting of four directors. The Operator has been appointed for the purposes of considering and undertaking all actions required in connection with the Partnership Deeds.

The directors of the Operator are:

- Kim Barbara Hurst;
- Stephen Nigel Skeels; and
- Glyn Mark Williams.

The principal place of business of the Operator is Tower Bridge House, St Katharines Way, London E1W 1DD.

Appointment as operator of the Limited Partnerships

The Operator has been appointed by each Limited Partnership to be the Operator of each such partnership with full power and authority to act as the Operator of such partnership and to exercise all of the powers expressed to be granted to the Operator pursuant to the Partnership Deeds and the Operating Agreements.

Pursuant to the Partnership Deeds and the Operating Agreements, the day-to-day management of the Limited Partnerships has been delegated to the General Partners except in relation to regulated operation of the Limited Partnerships which is the responsibility of the Operator.

The Operator has agreed, *inter alia*, to the appointment of the Property Manager pursuant to the Property and Asset Management Agreement and to be party to that agreement.

THE ORIGINAL LF PROVIDER

HSBC Bank plc

HSBC Bank plc and its subsidiaries form a UK-based group providing a comprehensive range of banking and related financial services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name Midland Bank Limited which it held until 1982 when it re-registered and changed its name to Midland Bank plc.

During the year ended 31 December, 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December, 1999.

The HSBC Group is one of the largest banking and financial services organisations in the world, with around 6,600 offices in 81 countries and territories in six geographical regions: Europe; Hong Kong; Rest of Asia-Pacific; Middle East and North Africa; North America and Latin America. Its total assets at 31 December 2012 were U.S.\$2,693 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are, as at the date of this Prospectus, rated P-1 by Moody's, A-1+ by S&P and F1+ by Fitch and the long term senior, unsecured and unguaranteed obligations of HSBC Bank plc are currently rated Aa3 by Moody's, AA- by S&P and AA- by Fitch.

HSBC is regulated pursuant to the Financial Services and Markets Act 2000 and is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

The above disclosure in respect of HSBC Bank plc shall not create any implication that there has been no change in the affairs of HSBC Bank plc since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date. The information in the preceding 6 paragraphs has been provided by HSBC Bank plc for use in this Prospectus and HSBC Bank plc is solely responsible for the accuracy of the preceding 6 paragraphs. Except for the foregoing 6 paragraphs, HSBC Bank plc, in its capacity as an LF Provider, and its affiliates have not been involved in the preparation of, and do not accept responsibility for, this Prospectus.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information has been prepared to illustrate what the balance sheet, profit and loss account and cash flow statement for the Obligor Group might look like on an aggregated basis if all of the Properties held by the Obligors as at the Closing Date were held by them on 31 December 2012. The information which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Obligor Group's actual financial position or results. The unaudited pro forma financial information is compiled on the basis set out in the notes below.

PRO FORMA BALANCE SHEET

At 31 December 2012

	LP1	GP1	LP4	GP4	LP5	GP5	UML	LP10	GP10	UM10L	FVUT	FVLP	FVGP	UHL	ADJ1	ADJ2	ADJ3	Aggregated at 31 Dec 12 £'000	ADJ6	ADJ7	Proforma at 31 Dec 12 £'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets																					
Tangible assets	527,156	-	16,300	-	38,924	-	-	191,800	-	-		29,980		-	-	-	-	804,160	2,620	(7,670)	799,110
Investments	-	-	-	-	-	-	-	29,500	-	-	10,166	-		-	(20,307)	(19,359)	-	-	-	-	-
Current assets																					
Debtors	9	4	685	4	-	4	11,523	2,728	18	1,172	-	-	6	-	-		(14,292)	1,861	-	7,000	8,861
Cash at bank and in hand	7,680	-	58	-	1,019	-	2,602	-	-	2,974	-	10	-	-	-	-	-	14,343	(2,620)	-	11,723
	7,689	4	743	4	1,019	4	14,125	2,728	18	4,146	-	10	6	-	-	-	(14,292)	16,204	(2,620)	7,000	20,584
Creditors: amounts falling due within one year	(14,176)	(4)	(3,139)	(4)	(1,139)	(4)	(14,125)	(109,623)	(11)	(4,146)	(1)	(19,818)	-	-	-	19,359	14,292	(132,539)	-	-	(132,539)
Net current (liabilities)/assets	(6,487)	-	(2,396)	-	(120)	-	-	(106,895)	7	-	(1)	(19,808)	6	-	-	19,359	-	(116,335)	(2,620)	7,000	(111,955)
Creditors: amounts falling due after one year	(389,889)	-	(6,615)	-	(32,489)	-	-	(52,287)	-	-	-	-	-	-	-	-	-	(481,280)	-	-	(481,280)
Net assets	130,780	-	7,289	-	6,315	-	-	62,118	7	-	10,165	10,172	6	-	(20,307)	-	-	206,545	-	(670)	205,875
<i>Represented by:</i>																					
Partners' capital contribution accounts	789	-	15	-	63	-	-	300	-	-	-	-	-	-	-	-	-	1,167	-	-	1,167
Partners' income accounts	(24,503)	-	148	-	2,217	-	-	8,501	-	-	-	(4,590)	-	-	3,426	-	-	(14,801)	-	(134)	(14,935)
Partners' revaluation accounts	64,489	-	5,030	-	(1,298)	-	-	(9,376)	-	-	-	-	-	-	1,272	-	-	60,117	-	(536)	59,581
Partners' loan accounts	90,005	-	2,096	-	5,333	-	-	62,693	-	-	-	14,762	-	-	(14,762)	-	-	160,127	-	-	160,127
Loans and other debts due to partners	130,780	-	7,289	-	6,315	-	-	62,118	-	-	-	10,172	-	-	(10,064)	-	-	(206,610)	-	(670)	205,940
Unit capital	-	-	-	-	-	-	-	-	-	-	14,762	-	-	-	(14,752)	-	-	10	-	-	10
Profit & loss	-	-	-	-	-	-	-	-	7	-	(4,597)	-	6	-	4,509	-	-	(75)	-	-	(75)
TOTAL	130,780	-	7,289	-	6,315	-	-	62,118	7	-	10,165	10,172	6	-	(20,307)	-	-	206,545	-	(670)	205,875

PRO FORMA PROFIT & LOSS

For the year ended 31 December 2012

	LP1 £'000	GP1 £'000	LP4 £'000	GP4 £'000	LP5 £'000	GP5 £'000	UML £'000	LP10 £'000	GP10 £'000	UM10L £'000	FVUT £'000	FVLP £'000	FVGP £'000	UHL £'000	ADJ1 £'000	ADJ4 £'000	ADJ5 £'000	Aggregated results £'000	ADJ6 £'000	ADJ7 £'000	Pro forma results £'000
Turnover	31,284	-	806	-	2,112	-	54,265	11,016	-	19,599		1,731	-	-	-	-	(46,949)	73,864	213	(749)	73,328
Cost of sales		-	-	-	-	-	(54,265)	-	-	(19,599)		-	-	-	-	-	46,949	(26,915)	(61)	261	(26,715)
(Impairment)/reversal of impairment of tangible fixed assets	(1,612)	-	-	-	797	-	-	834	-	-	(2,889)	(3,295)	-	-	4,509	-	-	(1,656)	-		(1,656)
Other operating charges	(393)	-	(52)	-	(63)	-	-	(361)	-	-	(2)	(19)	-	-	-	-	-	(890)	(4)		(894)
Operating profit	29,279	-	754	-	2,846	-	-	11,489	-	-	(2,891)	(1,583)	-	-	4,509	-	-	44,403	148	(488)	44,063
Loss on disposal of fixed assets	(357)	-	-	-	-	-	-	(62)	-	-	-	-	-	-	-	-	-	(419)	-	(670)	(1,089)
Investment income	-	20	-	20	-	20	-	1,305	27	-	1,305	-	2	48	-	(2,747)	-	-	-	-	-
Interest receivable and similar income	49	-	-	-	2	-	-	13	-	-	-	-	-	-	-	-	-	64	-	-	64
Finance costs: interest payable and similar charges	(14,118)	-	(255)	-	(1,098)	-	-	(5,029)	-	-	-	-	-	-	-	-	-	(20,500)	-	-	(20,500)
Profit on ordinary activities before taxation	14,853	20	499	20	1,750	20	-	7,716	27	-	(1,586)	(1,583)	2	48	4,509	(2,747)	-	23,548	148	(1,158)	22,538
Taxation	-	(4)	-	(4)	-	(4)	-		(5)	-		-	-	-	-	-	-	(17)	-	-	(17)
Profit for the financial year (before income distributions)	14,853	16	499	16	1,750	16	-	7,716	22	-	(1,586)	(1,583)	2	48	4,509	(2,747)	-	23,531	148	(1,158)	22,521
Income distributions	(13,353)	(16)	(401)	(16)	(799)	(16)	-	(7,383)	(22)	-	(1,305)	(1,309)	(2)	(48)	-	2,747	-	(21,923)	(148)	488	(21,583)
Transfer to partner's income accounts	1,500	-	98	-	951	-	-	333	-	-	(2,891)	(2,892)	-	-	4,509	-	-	1,608	-	(670)	938

PRO FORMA CASHFLOW

For the year ended 31 December 2012

	LP1 £'000	LP4 £'000	LP5 £'000	UML £'000	LP10 £'000	UM10L £'000	FVLP £'000	ADJ4 £'000	Aggregated cash flows £'000	ADJ6 £'000	ADJ7 £'000	Pro forma cash flows
Net cash inflow from operating activities	30,861	3,073	2,503	(267)	10,714	1,094	1,644	-	49,622	148	(488)	49,282
Returns on investments and servicing of finance	(13,674)	(246)	(1,060)	-	(3,377)	-	-	(1,305)	(19,662)	-	-	(19,662)
Capital expenditure	16,356	(2,456)	(109)	-	1,103	-	(335)	-	14,559	(2,620)	-	11,939
Distributions paid	(13,353)	(401)	(799)	-	(7,383)	-	(1,309)	1,305	(21,940)	(148)	488	(21,600)
Financing	(18,759)	-	-	-	(1,070)	-	-	-	(19,829)	-	-	(19,829)
(Decrease)/increase in cash in the year	1,431	(30)	535	(267)	(13)	1,094	-	-	2,750	(2,620)	-	130
Cash at start of the year	6,249	88	484	2,869	13	1,880	10	-	11,593	-	-	11,593
Cash at end of the year	7,680	58	1,019	2,602	-	2,974	10	-	14,343	(2,620)	-	11,723

Notes

- (i) The financial information for USAF No. 1 Limited Partnership (**LP1**), USAF No. 4 Limited Partnership (**LP4**), USAF No. 5 Limited Partnership (**LP5**), USAF No. 10 Limited Partnership (**LP10**), Filbert Village Student Accommodation L.P. (**FV LP**), Filbert Village Student Accommodation Unit Trust (**FVUT**) has been extracted, without material adjustment, from the financial information of the entities as set out in Appendix 2 of this Prospectus.
- (ii) The financial information for USAF GP No. 1 Limited (**GP1**), USAF GP No. 4 Limited (**GP4**), USAF GP No. 5 Limited (**GP5**), USAF GP No. 10 Limited (**GP10**), USAF Management Limited (**UML**), USAF Management 10 Limited (**UM10L**), Filbert Village GP Limited (**FV GP**) and USAF Holdings Limited (**UHL**) has been extracted, without material adjustment, from the financial information of the entities as set out in Appendix 2 of this Prospectus, with the exception of the cash flow data for UML and UM10L. The cash flow data for UML and, UM10L is not presented in the financial information of those entities, it has been derived from the balance sheet and profit and loss account for those entities.
- (iii) The nominee companies (USAF Nominee No. 1 Limited (Nominee 1), USAF Nominee No. 1A Limited (Nominee 1A), USAF Nominee No. 4 Limited (Nominee 4), USAF Nominee No. 4A Limited (Nominee 4A), USAF Nominee No. 5 Limited (Nominee 5), USAF Nominee No. 5A Limited (Nominee 5A), USAF Nominee No. 10 Limited (Nominee 10), USAF Nominee No. 10A Limited (Nominee 10A) which form part of the Obligor Group have not been shown in the pro forma financial information as they each consist £1 share capital and £1 assets and file dormant accounts. As the pro forma financial information is prepared to the nearest £1,000 they would have no impact on the pro forma financial information presented.
- (iv) GP1, GP4, GP5, GP10, FVUT, FVGP and UHL are not shown in the pro forma cash flow statement as they do not hold bank accounts and therefore have cashflows of nil.
- (v) Adjustment 1 (**ADJ 1**) eliminates inter-group investments in the capital or units of other entities within the Obligor Group from the pro forma financial information and reduces net assets by £20.307 million. This also increases profit by £4.509 million being the reversal of impairments recognised on these inter-group investments in prior years.
- (vi) Adjustment 2 (**ADJ 2**) eliminates inter-group loans receivable and payable totalling £19.359 million within the Obligor Group from the pro forma financial information. This has no impact on the net assets of the Obligor Group.
- (vii) Adjustment 3 (**ADJ 3**) eliminates inter-group debtors and creditors totalling £14.292 million within the Obligor Group from the pro forma financial information. This has no impact on the net assets of the Obligor Group.
- (viii) Adjustment 4 (**ADJ 4**) eliminates inter-group dividends and distributions totalling £2.747 million within the Obligor Group. This has no impact on net assets but reduces the profit before distributions for the Obligor Group by this amount. This included £1.305 million of intergroup cash flow which has no net effect on the pro forma cash flows
- (ix) Adjustment 5 (**ADJ 5**) eliminates inter-group turnover and cost of sales within the Obligor Group totalling £46.949 million from the proforma financial information. This has no impact on profit for the financial year in the pro forma profit and loss.

- (x) Adjustment (**ADJ 6**) has been made to reflect the proforma impact on the Obligor Group of acquiring the property Sunlight Apartments for £2.620 million cash. This transaction is due to occur on the Closing Date. This adjustment also adds in the 2012 trading results of this property, increasing operating profit by £0.148 million
- (xi) Adjustment (**ADJ 7**) has been made to reflect the proforma impact on the Obligor Group of disposing the property Paradise House for £7.000 million (proceeds to be left outstanding as a loan). This transaction is due to occur on the Closing Date. Paradise House was carried in the December 2012 balance sheet at a valuation of £7.670m so this has created a loss on disposal of £0.670 million (which also reduces net assets by the same amount). This adjustment also removes the 2012 trading results of this property, decreasing operating profit by £0.488 million
- (xii) No adjustment has been made to reflect the trading results of the Obligor Group since 31 December 2012.
- (xiii) "Capital expenditure" in the pro forma cashflows consists of property disposal receipts of £18.759 million less expenditure on capital items of £4.200 million. This additional information is provided because "capital expenditure" appears as a significant net cash inflow which has arisen due to the disposals.

Financial accounts in respect of the following entities have been included in Appendix 2 to this Prospectus solely for reference in relation to the information set out in this section in respect thereof, and not because they are Obligors:

- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF No. 4 Limited Partnership;
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF GP No. 4 Limited;
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF No. 5 Limited Partnership;
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF GP No. 5 Limited; and
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of Filbert Village Student Accommodation Unit Trust.

Accountant's report on pro forma financial information

The Directors
UNITE (USAF) II plc
7th Floor
Phoenix House
18 King Street
London
EC4N 7HE

[Date]

Dear Sir

UNITE (USAF) II plc

We report on the pro forma financial information (the 'Pro forma financial information') set out in Part ● of the prospectus dated ● 2013 (the 'Prospectus'), which has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the Obligor Group (defined as below) (together the "Companies") might look like on an aggregated basis if all of the Properties (as defined in the Prospectus) held by the Obligors as at the Prospectus Date were held by them on 31 December 2012, on the basis of the accounting policies adopted by the Companies in preparing the financial statements for the period ended 31 December 2012. This report is required by paragraph 7 of Annex II of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro forma financial information in accordance with paragraphs 1 to 6 of Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under paragraph 3(2)(f) of Schedule 1 to the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005)) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 9.1 of Annex VII of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board of the United Kingdom and Ireland. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Companies.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- i) the Pro forma financial information has been properly compiled on the basis stated; and
- ii) such basis is consistent with the accounting policies of the Companies.

Declaration

For the purposes of paragraph 3(2)(f) of Schedule 1 to the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with paragraph 1.2 of Annex VII and 1.2 of Annex XIII of the Prospectus Directive Regulation.

Yours faithfully

KPMG Audit Plc

The Obligor Group for the purposes of the Pro forma financial information consists of the following entities:

USAF No. 1 Limited Partnership

USAF No. 4 Limited Partnership

USAF No. 5 Limited Partnership

USAF No. 10 Limited Partnership

Filbert Village Student Accommodation L.P.

Filbert Village Student Accommodation Unit Trust

USAF GP No. 1 Limited

USAF GP No. 4 Limited

USAF GP No. 5 Limited

USAF GP No. 10 Limited

USAF Management Limited

USAF Management 10 Limited

Filbert Village GP Limited

USAF Holdings Limited

USAF Nominee No. 1 Limited

USAF Nominee No. 1A Limited

USAF Nominee No. 4 Limited

USAF Nominee No. 4A Limited

USAF Nominee No. 5 Limited

USAF Nominee No. 5A Limited

USAF Nominee No. 10 Limited

USAF Nominee No. 10A Limited

USE OF PROCEEDS

The total gross proceeds of the issue of the Notes will be £379,973,400.

On the Closing Date, the Issuer will apply the aggregate gross proceeds from the issue of the Notes (less the fees payable to the Joint Lead Arrangers and the Bookrunners) to make an advance to the Borrower of the Initial Issuer/Borrower Loan under the Issuer/Borrower Facilities Agreement.

The Borrower will on-lend the proceeds of the Initial Issuer/Borrower Loan to USAF No. 1 Limited Partnership and USAF No. 10 Limited Partnership who will use, *inter alia*, the proceeds (in the case of USAF No.1 Limited Partnership) for the purpose of it paying part of the consideration to USAF No.4 Limited Partnership and USAF No.5 Limited Partnership for the transfer of certain Properties to USAF No. 1 Limited Partnership on the Closing Date and (in the case of USAF No.4 Limited Partnership and USAF No.5 Limited Partnership) to use such amounts together with USAF No. 1 Limited Partnership using the balance of the Initial Issuer/Borrower Loan to repay certain intra-group loans (the **Existing Intra-Group Loans**) and related amounts in respect of such repayment to USAF Finance Limited (the **Existing Borrower** and loan agreement such amounts are outstanding under, the **Existing Issuer Borrower Loan Agreement**) for the purpose of it repaying certain existing indebtedness and paying related amounts in respect of such repayment to UNITE (USAF) plc (the **Existing Issuer**).

The fees and expenses in connection with the issue of the Notes will be met by the Issuer using certain fees payable by the Borrower pursuant to the Issuer/Borrower Facilities Agreement.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Note Trust Deed. The terms and conditions set out below will apply to the Notes in global form.

The £380,000,000 3.374 per cent. Commercial Mortgage Backed Notes due June 2028 (the **Notes**) of UNITE (USAF) II plc (the **Issuer**) are constituted by a trust deed (the **Note Trust Deed**) dated 18 June 2013 (the **Closing Date**) and made between the Issuer and Capita Trustee Company Limited (in such capacity, the **Note Trustee**, which expression shall include all persons for the time being the note trustee or note trustees under the Note Trust Deed including all successors and assigns) as trustee for the Noteholders and the Couponholders (each as defined below). Any reference in these terms and conditions (**Conditions**) to **Noteholders** shall be a reference to the holders of the Notes and a reference to **Couponholders** shall be a reference to the holders of the interest coupons in respect of the Notes (**Coupons**).

The expression **Notes** shall, in these Conditions, unless the context otherwise requires, include any Further Notes (as defined below) issued pursuant to Condition 15.1 (*Further Notes*) and forming a single class with the Notes and the expression **Notes** shall be construed accordingly and the expression **Notes** shall, unless the context otherwise requires, include any Replacement Notes or New Notes (both as defined below) issued pursuant to Condition 15.2 (*Replacement Notes*) or, as the case may be, Condition 15.3 (*New Notes*).

The security for the Notes is constituted by a deed of charge (the **Issuer Deed of Charge**) dated on or around the Closing Date and made between, among others, the Issuer and Capita Trust Company Limited (in such capacity, the **Issuer Security Trustee**, which expression shall include all persons for the time being the security trustee or security trustees under the Issuer Deed of Charge including all successors and assigns).

Pursuant to a paying agency agreement (the **Agency Agreement**) dated the Closing Date and made between the Issuer, HSBC Bank plc as principal paying agent (the **Principal Paying Agent** and, together with such additional or other paying agents, if any, appointed from time to time pursuant to the Agency Agreement, the **Paying Agents**) and the Note Trustee, provision is made for the payment of principal, premium (if any) and interest in respect of the Notes.

In addition, the Issuer (in its capacity as a Borrower Facility Provider and an Obligor Secured Creditor) has, on or about the Closing Date, entered into a common terms agreement (the **Common Terms Agreement** or **CTA**) and a security trust and intercreditor deed (the **Security Trust and Intercreditor Deed** or **STID**) with, *inter alios*, USAF Finance II Limited (the **Borrower**) and Capita Trust Company Limited (in such capacity, the **Obligor Security Trustee**, which expression shall include all persons for the time being the security trustee or security trustees under the STID, the Obligor Deed of Charge and the other Obligor Security Documents including all successors and assigns).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Issuer Deed of Charge, the Agency Agreement, the CTA, the STID and the master definitions agreement (the **Master Definitions Agreement**) entered into by, among others, the Issuer, the Borrower, Note Trustee, the Issuer Security Trustee and the Obligor Security Trustee on or about the Closing Date.

Copies of the Note Trust Deed, the Issuer Deed of Charge, the Agency Agreement, the CTA, the STID, the Master Definitions Agreement and the other Issuer Transaction Documents are available for inspection by the Noteholders during normal business hours at the specified office for the time being of each of the Paying Agents. The Noteholders are entitled to the benefit of,

are bound by, and are deemed to have notice of, all the provisions of the Issuer Transaction Documents applicable to them.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions Agreement available as described above. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Agreement available as described above.

1. FORM, DENOMINATION AND TITLE

- 1.1 The Notes are initially offered and sold outside the United States to non-U.S. persons pursuant to Regulation S under the United States Securities Act and are initially represented by a temporary global note (the **Temporary Global Note**) in bearer form in the aggregate principal amount on issue of £380,000,000. The Temporary Global Note has been deposited on behalf of the subscribers of the Notes with a common depositary (the **Common Depositary**) for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A/N.V. (**Euroclear** and together with Clearstream, Luxembourg, the **Clearing Systems**) on the Closing Date. Upon deposit of the Temporary Global Note, the Clearing Systems credited each subscriber of Notes with the principal amount of Notes equal to the aggregate principal amount thereof for which it had subscribed and paid. Interests in the Temporary Global Note are exchangeable on and after the date which is 40 days after the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder, for interests recorded in the records of the Clearing Systems in a permanent global note (the **Permanent Global Note**) representing the Notes (the expressions **Global Notes** and **Global Note** meaning the Temporary Global Note and the Permanent Global Note). The Permanent Global Note has also been deposited with the Common Depositary for the Clearing Systems. Title to the Global Notes will pass by delivery.

Interests in a Global Note will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

For so long as the Notes are represented by a Global Note and the Clearing Systems so permit, the Notes will be tradable only in the minimum authorised denomination of £100,000 and higher integral multiples of £1,000, notwithstanding that no Definitive Notes (as defined below) will be issued with a denomination above £199,000. During this time transfer and exchanges of beneficial interests in such Notes and entitlements to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of the relevant Clearing System.

- 1.2 If, while any of the Notes are represented by the Permanent Global Note, (i) either of the Clearing Systems is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Note Trustee is then in existence, or (ii) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will on the next Interest Payment Date (as defined below) be required to make any deduction or withholding from any payment in respect of such Notes which would not be required were such Notes in definitive form, then the Issuer will issue Notes in definitive bearer form (**Definitive Notes**) in exchange for the Permanent Global Note (free of charge to the persons entitled to them) within 30 days of the occurrence of the relevant event. These Conditions and the Issuer Transaction Documents will be amended in such manner as the Note Trustee and the Issuer Security Trustee require to take account of the issue of

Definitive Notes. The Permanent Global Note will not be exchangeable for Definitive Notes in any other circumstances.

- 1.3 Definitive Notes, if issued, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Definitive Notes will be issued with a denomination above £199,000. Such Notes will be serially numbered and will be issued in bearer form with (at the date of issue) interest Coupons, principal Coupons and, if necessary, talons attached. Title to the Definitive Notes shall pass by delivery.
- 1.4 **Noteholders** means each person (other than the Clearing Systems themselves) who is for the time being shown in the records of the Clearing Systems as the holder of a particular Principal Amount Outstanding (as defined in Condition 6.5 (*Principal Amount Outstanding*)) of the Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of the Notes standing to the account of any person shall be conclusive and binding for all purposes) and such person shall be treated by the Issuer, the Note Trustee, the Issuer Security Trustee and all other persons as the holder of such Principal Amount Outstanding of such Notes for all purposes, other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Issuer, the Note Trustee, the Issuer Security Trustee and all other persons, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and for which purpose **Noteholders** means the bearer of the relevant Global Note, and related expressions shall be construed accordingly.

2. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

2.1 Status and relationship between the Notes

- (a) The Notes constitute direct, secured, unsubordinated and, subject as provided in Condition 10 (*Enforcement*), unconditional obligations of the Issuer. The Notes rank *pari passu* without preference or priority amongst themselves.
- (b) The Note Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise).
- (c) The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other parties to the Issuer Transaction Documents and/or the Obligor Transaction Documents.
- (d) Prior to the delivery of an Issuer Enforcement Notice (as defined in Condition 9 (*Issuer Events of Default*)), the Issuer is required to apply relevant funds as set out in Schedule 1 of the Issuer Cash Management Agreement.
- (e) In the event of an issue of Further Notes (as defined in Condition 15.1 (*Further Notes*)), Replacement Notes (as defined in Condition 15.2 (*Replacement Notes*)) or New Notes (as defined in Condition 15.3 (*New Notes*)), the provisions of these Conditions, the Note Trust Deed, the Issuer Deed of Charge and the other Issuer Transaction Documents, including (in the case of Replacement Notes or New Notes) those concerning:
- (i) the basis on which the Note Trustee will be required to exercise or perform its rights, powers, trusts, authorities, duties and discretions (including in circumstances where, in the opinion of the Note Trustee,

there is a conflict between the interests of any of the Noteholders and the holders of such Replacement Notes or New Notes);

- (ii) the circumstances in which the Note Trustee will become bound to take action, as referred to in Condition 9 (*Issuer Events of Default*) and Condition 10 (*Enforcement*);
- (iii) meetings of Noteholders and the passing of effective Extraordinary Resolutions; and
- (iv) the order of priority of payments (including the order which applies prior to the acceleration of the Notes, (both prior to, and upon, enforcement of the security constituted by the Issuer Deed of Charge) and the order which applies upon acceleration of the Notes),

will be modified in such manner as the Note Trustee or, as the case may be, the Issuer Security Trustee considers necessary to reflect the issue of such Further Notes, Replacement Notes or, as the case may be, New Notes and any new Issuer Transaction Documents entered into in connection with such Further Notes, Replacement Notes or, as the case may be, New Notes and the ranking thereof and of the claims of any party to any of such new Issuer Transaction Documents in relation to the Notes and such Further Notes, Replacement Notes or, as the case may be, New Notes.

If any Further Notes, New Notes or, as the case may be, Replacement Notes are issued, the Issuer will immediately advise the Central Bank of Ireland and the Irish Stock Exchange accordingly, procure the publication of a notice of the issue in accordance with Condition 14 (*Notice to Noteholders*) and file a new prospectus in respect of the issue of the Further Notes, New Notes or, as the case may be, Replacement Notes with the Central Bank of Ireland and the Irish Stock Exchange.

2.2 Security

- (a) The security constituted by the Issuer Deed of Charge is granted to the Issuer Security Trustee, on trust for itself, the Noteholders and the other Issuer Secured Creditors, upon and subject to the terms and conditions of the Issuer Deed of Charge.
- (b) The Noteholders will share in the benefit of the security constituted by the Issuer Deed of Charge, upon and subject to the terms and conditions of the Issuer Deed of Charge.
- (c) The security constituted by the Obligor Deed of Charge and the other Obligor Security Documents is granted to the Obligor Security Trustee, on trust for itself, the Issuer and the other Obligor Secured Creditors, upon and subject to the terms and conditions of the STID.
- (d) The Issuer and indirectly the Noteholders and the other Issuer Secured Creditors will share in the benefit of the security constituted by the Obligor Deed of Charge and the other Obligor Security Documents, upon and subject to the terms and conditions of the STID, the Obligor Deed of Charge and the other Obligor Security Documents.

3. COVENANTS

3.1 The Issuer will at all times comply with the covenants given by it set out in the Note Trust Deed, the Issuer Deed of Charge and the other Issuer Transaction Documents.

3.2 Without prejudice to the generality of Condition 3.1, and save with the prior written consent of the Note Trustee or unless otherwise permitted under any of the Issuer Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Issuer Transaction Documents provide or envisage that the Issuer will engage; or (ii) have any subsidiaries (as defined in the Companies Act 2006), any subsidiary undertakings (as defined in the Companies Act 2006) or any employees or premises;
- (c) **Disposal of assets:** transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (d) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders or issue any further shares;
- (e) **Indebtedness:** incur any Financial Indebtedness or give any guarantee in respect of any Financial Indebtedness or of any other obligation of any person;
- (f) **Merger:** consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (g) **No modification or waiver:** permit any of the Issuer Transaction Documents to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Issuer Transaction Documents or permit any party to any of the Issuer Transaction Documents to be released from its obligations or exercise any right to terminate any of the Issuer Transaction Documents;
- (h) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Issuer Security Trustee on terms acceptable to it;
- (i) **Corporation tax:** prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006;
- (j) **VAT:** apply to become part of any group for the purposes of section 43 of the Value Added Tax Act 1994 with any other company or group of companies, or such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal the Value Added Tax Act 1994;

- (k) **Surrender of group relief:** offer or consent to surrender to any company any amounts which are available for surrender by way of group relief within Part 5 of the Corporation Tax Act 2010;
 - (l) **Not commingle:** allow its assets to be commingled with those of any other entity; or
 - (m) **Not acquire shares:** acquire obligations or securities of its shareholders.
- 3.3 Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of the Issuer Transaction Documents, the Issuer shall, so long as any Note remains outstanding:
- (a) **Books and records and financial statements:** maintain its books and records, accounts and financial statements separate from any other person or entity and use separate stationery, invoices and cheques;
 - (b) **Conduct of business:** hold itself out as a separate entity, correct any known misunderstanding regarding its separate identity, conduct its own business in its own name and maintain an arm's length relationship with its affiliates (if any);
 - (c) **Liabilities:** pay its own liabilities out of its own funds;
 - (d) **Assets:** not commingle its assets with those of any other entity;
 - (e) **Corporate formalities:** observe all formalities required by its memorandum and articles of association;
 - (f) **Capital:** maintain adequate capital in light of its obligations under the Issuer Transaction Documents; and
 - (g) **Independent Director:** the Issuer shall maintain the appointment of at least one non-executive director, such non-executive director(s) to be independent of the Borrower and each of the other Obligors. The independent director(s) of the Issuer shall be provided by a corporate services provider.
- 3.4 The Issuer will procure that the Borrower provides the Paying Agents with copies of the information to be delivered to the Paying Agents pursuant to the CTA, which will be available for collection by Noteholders during normal business hours at the specified office for the time being of each of the Paying Agents.

4. INTEREST

4.1 Interest accrual

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 5 (*Payments*), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Note Trust Deed.

4.2 Interest Rate and, Interest Payment Dates

The Notes bear interest on their respective Principal Amount Outstanding from (and including) the Closing Date at the rate of 3.374 per cent. per annum (the **Interest Rate**),

payable quarterly in arrear on 31 March, 30 June, 30 September and 31 December in each year (each an **Interest Payment Date**) in respect of the Interest Period (as defined below) ended immediately prior thereto. The first payment shall be due on the Interest Payment Date falling on 30 September 2013. The period from (and including) the Closing Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date is called an **Interest Period**.

4.3 Calculation of interest

Interest in respect of the Notes shall be calculated by applying the relevant rate of interest to the aggregate Principal Amount Outstanding of the Notes and on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the **Accrual Date**) to (but excluding) the date on which it falls due, divided by (b) the actual number of days from (and including) the Accrual Date to (but excluding) the next following Interest Payment Date multiplied by 4.

The resulting figure shall be rounded downwards to the nearest penny.

5. PAYMENTS

5.1 Payments in respect of Notes

Payments in respect of principal, premium (if any) and interest in respect of any Global Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) for such purpose, subject, in the case of the Temporary Global Note, to certification of non-U.S. beneficial ownership as provided in the Temporary Global Note.

A record of each payment of principal, premium or interest made in respect of a Global Note will be made on the relevant Global Note by or on behalf of the Principal Paying Agent or such other Paying Agent as aforesaid and such record shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Note shall have any claim directly against the Issuer in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note.

5.2 Method of payment

Payments will be made by credit or transfer to an account in sterling maintained by the payee with a bank in London.

5.3 Payments subject to applicable laws

Payments in respect of principal, premium (if any) and interest on the Notes are subject in all cases to any fiscal or other laws, regulations and directives applicable in the place of payment or to which the Issuer or any Paying Agent agrees to be subject.

5.4 Payment only on a Presentation Date

A holder shall be entitled to present a Global Note for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 8 (*Prescription*)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Global Note is presented for payment; and
- (c) in the case of payment by credit or transfer to a sterling account in London (as referred to above), is a Business Day in London.

In this Condition 5 (*Payments*), **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

5.5 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in such place as may be required by the rules and regulations of relevant stock exchange and competent authority; and
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 14 (*Notice to Noteholders*).

6. REDEMPTION

6.1 Redemption at maturity

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling on 30 June 2028 (the **Final Maturity Date**), together with accrued but unpaid interest thereon to such date.

6.2 Expected redemption prior to maturity

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will:

- (a) on the Interest Payment Date falling on 30 June 2023 (the **Expected Maturity Date**), to the extent that the Issuer has received repayment of the Initial Issuer/Borrower Loan on or prior to the Initial Loan Final Maturity Date (in

accordance with the Issuer/Borrower Facilities Agreement) of a principal amount that equals the Principal Amount Outstanding of the Notes, redeem the Notes in full on such date at their Principal Amount Outstanding together with accrued but unpaid interest thereon to such date (without any premium);

- (b) on the Expected Maturity Date and on each Interest Payment Date thereafter that the Notes remain outstanding until the earlier of (a) such time as the Notes are redeemed in full or (b) the Final Maturity Date, to the extent that the Issuer has received repayment in part of the Initial Issuer/Borrower Loan on or prior to a Loan Interest Payment Date corresponding to such date (in accordance with the Issuer/Borrower Facilities Agreement) of a principal amount that is less than the Principal Amount Outstanding of the Notes on the Expected Maturity Date redeem the Notes in part on such date in a principal amount corresponding to such repayment together with accrued but unpaid interest thereon to such date (without any premium).

6.3 Optional redemption for taxation or other reasons

- (a) If:
 - (i) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Interest Payment Date, the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on the Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of the Notes) any amount 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 United Kingdom or any political sub-division thereof or any authority thereof or therein; or
 - (ii) by reason of a change in law, which change becomes effective on or after the Closing Date it has become or will become unlawful for the Issuer to perform any of its obligations under the Issuer/Borrower Facilities Agreement or make, fund or allow to remain outstanding all or any of the Initial Issuer/Borrower Loan made by it under the Issuer/Borrower Facilities Agreement,

then the Issuer shall, if the same would avoid the effect of the relevant event described in sub-paragraph (i) or (ii) above, appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes and as lender under the Issuer/Borrower Facilities Agreement, provided that the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the Noteholders.

- (b) Subject to sub-paragraph (d) below, if the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that:
 - (i) one or more of the events described in Condition 6.3(a) (i) or (ii) above is continuing;
 - (ii) the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such a substitution; and

- (iii) in the case of Condition 6.3(a)(ii) only, the Issuer has notified the Borrower that the commitment of the Issuer under the Issuer/Borrower Facilities Agreement is cancelled thereby obliging the Borrower to prepay the Initial Issuer/Borrower Loan,

then the Issuer may, on any Interest Payment Date thereafter and having given not less than five days' notice (or, in the case of an event described in sub-paragraph (ii) above, such shorter period expiring on or before the latest date permitted by relevant law) to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) and to the Note Trustee (copied to the Rating Agencies), redeem all, but not some only, of the Notes at their Principal Amounts Outstanding together with accrued but unpaid interest on the Principal Amount Outstanding up to (but excluding) such date (without any premium).

- (c) Prior to the publication of any notice of redemption pursuant to this Condition 6.3, (*Optional redemption for taxation or other reasons*) the Issuer shall deliver to the Note Trustee a certificate signed by two directors of the Issuer stating that (i) one or more of the events described in Condition 6.3(a) (i) or (ii) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such a substitution; and (ii) the Issuer has or will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Interest Payment Date.
- (d) Any certificate given by or on behalf of the Issuer under this Condition 6.3 (*Optional redemption for taxation or other reasons*) may be relied on by the Note Trustee without further investigation and without liability to any other person and shall be conclusive and binding on the Noteholders, the Note Trustee and on the other Issuer Secured Creditors.

6.4 Redemption upon repayment or prepayment of the Initial Issuer/Borrower Loan

- (a) If the Borrower gives notice to the Issuer that it will prepay the whole or part of the Initial Issuer/Borrower Loan:
 - (i) by way of a voluntary prepayment prior to the delivery of an Obligor Enforcement Notice and/or Obligor Acceleration Notice;
 - (ii) using an Intra-Group Payment prior to the delivery of an Obligor Enforcement Notice and/or Obligor Acceleration Notice using the following amounts deposited into its Disposal Proceeds Account:
 - (A) the proceeds of a disposal of a Property or Properties in excess of £1,000,000 (1) at the option of the relevant Limited Partnership or (2) if not applied by the relevant Limited Partnership towards the acquisition of a Property within 12 months; or
 - (B) the proceeds of a compulsory purchase of a Property or Properties in excess of £1,000,000; or
 - (C) insurance proceeds (other than proceeds from loss of rent insurance) in excess of £1,000,000 (1) at the option of the relevant Limited Partnership or (2) if not applied by the relevant Limited Partnership in reinstatement of the relevant Property or Properties within three years; or

- (iii) using an Intra-Group Payment prior to the delivery of an Obligor Enforcement Notice and/or Obligor Acceleration Notice using (A) amounts standing to the credit of its Lock-Up Account following a Trigger Event occurring and subsisting for 18 months and/or (B) amounts standing to the credit of the Cure Deposit Account if there has been a breach of the Financial Covenant Ratios for two successive Test Dates; or
- (iv) using an Intra-Group Payment following the delivery of an Obligor Enforcement Notice but prior to the delivery of an Obligor's Acceleration Notice using amounts standing to the credit of the Disposal Proceeds Account, the Lock-Up Accounts and/or the Cure Deposit Accounts,

(in each case in accordance with the Prepayment Principles set out in the CTA and the relevant provisions of the Issuer/Borrower Facilities Agreement), then the Issuer shall, upon receipt of notice of such prepayment from the Borrower give not less than five days' notice thereof to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) and to the Note Trustee (copied to the Rating Agencies) and upon receipt of such prepayment from the Borrower redeem the Notes on the next Interest Payment Date occurring on or following the expiry of such notice period at their then Principal Amount Outstanding multiplied by the Redemption Percentage (as defined below), together with accrued but unpaid interest to such date.

Redemption Percentage means:

- (a) in connection with any redemption of the Notes prior to their Expected Maturity Date as a result of **paragraph (a)(i)** or **(a)(ii)(A)** above, the greater of:
 - (i) 100 per cent.; and
 - (ii) that price (as reported in writing to the Issuer and the Note Trustee by a financial adviser selected by the Expert expressed as a percentage (and rounded, if necessary, to the third decimal place (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the Notes on the Relevant Date is equal to the Gross Redemption Yield at 3.00 p.m. (London time) on that date of the Relevant Treasury Stock on the basis of the arithmetic mean (rounded, if necessary, as aforesaid) of the offered prices of the Relevant Treasury Stock quoted by the Reference Market Makers (on a dealing basis for settlement on the next following dealing day in London) at or about 3.00 p.m. (London time) on the Relevant Date plus 0.50 per cent. and so that, for the purpose of this sub-paragraph (ii): **Reference Market Makers** means three brokers and/or London gilt-edged market makers approved in writing by the Expert; **Relevant Date** means the date which is the third business day in London prior to the date of redemption pursuant to this Condition 6.4; **Gross Redemption Yield** means a yield calculated 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" (third edition published 16/03/2005); **Relevant Treasury Stock** means such United Kingdom government stock as the Expert

shall determine to be a benchmark gilt the maturity of which most closely matches the maturity of the Notes as calculated by a financial adviser selected by the Expert, where **Expert** means a leading broker and/or gilt edged market maker or other expert operating in the gilt market selected and appointed by the Issuer and approved in writing by the Note Trustee; and

- (b) in connection with any redemption of the Notes on or following their Expected Maturity Date or as a result of paragraphs **(a)(ii)(B)**, **(a)(ii)(C)**, **(iii)** and **(iv)** above, 100 per cent.
- (b) The Notes to be redeemed in accordance with Condition 6.4(a) above will be selected in accordance with the rules and procedures of the relevant Clearing Systems (to be reflected in the records of the Clearing Systems as a pool factor).
- (c) If the Issuer receives any monies from any Obligor from or on behalf of the Obligor Security Trustee or any receiver appointed by the Obligor Security Trustee following the delivery of an Obligor Enforcement Notice (other than in accordance with the Prepayment Principles set out in the CTA and the relevant provisions of the Issuer/Borrower Facilities Agreement) or an Obligor Acceleration Notice (following such being given in accordance with the STID), the Issuer shall, upon receipt of notice of such repayment from or on behalf of the Obligor Security Trustee, give not less than five days' notice thereof to the Note Trustee and the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) and redeem the Notes at their Principal Amount Outstanding together with accrued but unpaid interest on the next Interest Payment Date occurring on or following the expiry of such notice period (or, if earlier, the Final Maturity Date).
- (d) If at any time that the Borrower cancels and prepays the Initial Issuer/Borrower Loan as a consequence of:
 - (i) the Borrower or any other Obligor being required to increase certain payments to the Issuer in respect of the Initial Issuer/Borrower Loan (or, in respect of the Intra-Group Loans, to the Borrower) as a result of the imposition of a requirement to deduct or withhold tax from such payments; or
 - (ii) the Borrower or any other Obligor being required to pay an amount in respect of tax to the Issuer in respect of the Initial Issuer/Borrower Loan (or, in respect of the Intra-Group Loans, to the Borrower) in accordance with the Issuer/Borrower Facilities Agreement (or, in the case of any other Obligor, the Intra-Group Agreement),

then the Issuer shall, upon receipt of notice of such prepayment from the Borrower give not less than five days' notice thereof to the Note Trustee and to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) and redeem all, but not some only, of the Notes on the next Interest Payment Date occurring on or following the expiry of such notice period at their Principal Amount Outstanding together with accrued but unpaid interest on the Principal Amount Outstanding up to (but excluding) such date (without any premium).

6.5 Principal Amount Outstanding

The **Principal Amount Outstanding** of a Note on any date shall be its original principal amount less the aggregate amount of all principal payments (excluding any premium

payable in accordance with Condition 6.4 (*Redemption upon repayment or prepayment of the Initial Issuer/Borrower Loan*) made in respect of such Note which have previously been paid in respect of such Note since the Closing Date except if and to the extent that any such payment has been improperly withheld or refused.

If the Issuer does not at any time for any reason calculate (or cause the Issuer Cash Manager to calculate on its behalf) any Principal Amount Outstanding in accordance with this Condition 6.5 (*Principal Amount Outstanding*), the Note Trustee may make such calculation (without any liability accruing to the Note Trustee as a result) in accordance with this Condition 6.5 (*Principal Amount Outstanding*) (based on information supplied to it by the Issuer or the Issuer Cash Manager on its behalf) and each such calculation shall be deemed to have been made by the Issuer. In each case, the Note Trustee may, at the expense of the Issuer, employ an expert to make such calculations and any such calculations shall be deemed to have been made by the Issuer.

6.6 Notice of redemption

Any such notice as is referred to in Condition 6.3 (*Optional redemption for taxation or other reasons*) or Condition 6.4 (*Redemption upon repayment or prepayment of the Initial Issuer/Borrower Loan*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above.

6.7 Purchases

To the extent it is permitted to do so pursuant to the provisions of the CTA, an Obligor may purchase any Note. Any Note which is purchased by an Obligor will, in accordance with the Issuer/Borrower Facilities Agreement or the Intra-Group Agreement (as the case may be), be surrendered by the Obligor to the Issuer. The Issuer will not be permitted to purchase any of the Notes.

6.8 Cancellation

All Notes redeemed by the Issuer in full in accordance with Condition 6.3 (*Optional redemption for taxation or other reasons*) or Condition 6.4 (*Redemption upon repayment or prepayment of the Initial Issuer/Borrower Loan*) and any Notes purchased by an Obligor and surrendered by that Obligor to the Issuer in accordance with Condition 6.7 (*Purchases*) will be cancelled by the Principal Paying Agent upon such redemption or surrender and may not be resold or re-issued.

7. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer 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 (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the relevant Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

Payments by the Issuer in respect of the Notes will be subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed

pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

8. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 8 (*Prescription*), the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the moneys payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such moneys having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

9. ISSUER EVENTS OF DEFAULT

9.1 Issuer Events of Default

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least one-fifth in aggregate Principal Amount Outstanding of any class of the Notes then outstanding or if so directed by an Extraordinary Resolution of any class of the Noteholders shall (subject, in each case, to being indemnified and/or secured and/or pre-funded to its satisfaction), (but, in the case of the happening of any of the events described in sub-paragraphs (b) to (f), only if the Note Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice (an **Issuer Acceleration Notice**) to the Issuer (copied to the Rating Agencies) that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Note Trust Deed, in any of the following events (each, an **Issuer Event of Default**) subject to Condition 9.5:

- (a) if default is made in the payment of any principal, premium or interest due in respect of the Notes or any of them and the default continues for a period of five Business Days; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or any Issuer Transaction Document and (other than in respect of paragraph (a) above and, except in any case where the Note Trustee or, in the case of the Issuer Deed of Charge, the Issuer Security Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 20 Business Days (or such longer period as the Note Trustee or, as applicable, the Issuer Security Trustee may permit) following the service by the Note Trustee or, as the case may be, the Issuer Security Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolutions of the Noteholders; or

- (d) if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolutions of the Noteholders, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (e) if: (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) or an administration order is granted or the appointment of an administrator takes effect or an administrative or other receiver, manager or other similar official is appointed, in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, execution, attachment, sequestration, diligence or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer; and (ii) in the case of any such possession or any such last-mentioned process, unless initiated by the Issuer, is not discharged or otherwise ceases to apply within 14 days; or
- (f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (g) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Issuer Transaction Documents.

9.2 General

Upon the service of an Issuer Acceleration Notice by the Note Trustee in accordance with Condition 9.1 above (*Issuer Events of Default*) above, all classes of the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Note Trust Deed. The security constituted by the Issuer Deed of Charge will become enforceable upon the occurrence of an Issuer Event of Default.

9.3 Restriction

Except in the case of an Issuer Event of Default referred to in Condition 9.1(a), the Note Trustee will not be entitled to dispose of any of the assets comprised in the security constituted by the Issuer Deed of Charge unless a financial adviser approved by the Note Trustee has confirmed that, in its opinion, either (i) a sufficient amount would be realised from such disposal to allow discharge in full of all amounts owing to the Noteholders or (ii) a sufficient amount would not be so realised, but the resulting

shortfall would be less than the shortfall that would result from not disposing of such assets.

10. ENFORCEMENT

The Note Trustee may, at any time, at its discretion and without notice, take such action under or in connection with any of the Issuer Transaction Documents as it may think fit (including, without limitation, directing the Issuer Security Trustee to take any action under or in connection with any of the Issuer Transaction Documents or, after the occurrence of an Issuer Event of Default, to take steps to enforce the security constituted by the Issuer Deed of Charge), provided that:

- (a) the Note Trustee shall not be bound to take any such action unless it shall have been so directed by an Extraordinary Resolution of each class of the Noteholders (acting together) or so directed in writing by the holders (acting together) of at least one-fifth in aggregate Principal Amount Outstanding of the Notes;
- (b) (except where expressly provided otherwise) the Issuer Security Trustee shall not, and shall not be bound to, take any such action unless it shall have been so directed by (i) the Note Trustee or (ii) if there are no Notes outstanding, all of the other Issuer Secured Creditors;
- (c) neither the Note Trustee nor the Issuer Security Trustee shall be bound to take any such action unless it shall have been indemnified and/or secured and/or pre-funded to its satisfaction; and
- (d) the Note Trustee shall not be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer.

Notwithstanding the foregoing, the Issuer Deed of Charge will provide that the Issuer Security Trustee shall enforce the security constituted by the Issuer Deed of Charge by appointing an administrative receiver in respect of the Issuer if it has actual notice of (i) an application for the appointment of an administrator in respect of the Issuer or (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer, such appointment of an administrative receiver to take effect not later than the final day by which the appointment must be made in order to prevent an administration proceeding.

The Issuer Deed of Charge will further provide that (i) the Issuer Security Trustee will not be liable for any failure to appoint an administrative receiver in respect of the Issuer, save in the case of its own gross negligence, wilful default or fraud and (ii) in the event that the Issuer Security Trustee appoints an administrative receiver in respect of the Issuer under the Issuer Deed of Charge in the circumstances set out in the paragraph above, then the Issuer shall waive any claims against the Issuer Security Trustee in respect of the appointment of the administrative receiver.

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to any of the Issuer Transaction Documents to enforce the performance of any of the provisions of the Issuer Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Issuer Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Noteholder shall be entitled at any time to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer or to take any action which would result in the Issuer Payment Priorities not being observed.

Notwithstanding any other Condition or any provision of any Issuer Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the property, assets and undertakings of the Issuer which are the subject of the security created by the Issuer Deed of Charge (the **Issuer Charged Assets**). If:

- (a) there are no Issuer Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Issuer Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Issuer Deed of Charge; and
- (c) there are insufficient amounts available from the Issuer Charged Assets to pay in full, in accordance with the provisions of the Issuer Deed of Charge, amounts outstanding under the Notes (including payments of principal, premium (if any) and interest),

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any) and/or interest in respect of the Notes) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

11. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

- 11.1 For the purposes of this Condition 11 (*Meetings of Noteholders, modification and waiver*), and any other Condition herein relating to the votes of Noteholders, the Principal Amount Outstanding of the Notes held by an Obligor or the UNITE Fund or any other member of the UNITE Group will not be included in determining whether any quorum or vote has been met and such Notes shall not be considered to be 'outstanding' as defined in the Note Trust Deed. Such entities may, however, attend any meetings of the Noteholders to consider any matter affecting their interests.
- 11.2 The Note Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Issuer Transaction Documents.
- 11.3 An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on the Noteholders irrespective of the effect upon them. Notice of the result of the voting on any resolution duly considered by the Noteholders shall be published in accordance with **Condition 14** (*Notice to Noteholders*) by the Issuer within 14 days of such result being known, provided that the non-publication of such notice shall not invalidate such result.
- 11.4 Subject as provided below, the quorum at any meeting of Noteholders of any class or classes for passing an Extraordinary Resolution will be one or more persons entitled to attend and vote present holding or representing in aggregate not less than 50 per cent. of the Principal Amount Outstanding of such class or classes of the Notes for the time being outstanding, or, at any adjourned meeting, one or more persons present holding or representing a Noteholder of the relevant class or classes, whatever the Principal Amount Outstanding of the Notes of such class or classes for the time being outstanding in aggregate held or represented by it or them.

11.5 The quorum at any meeting of Noteholders of any class or classes for passing an Extraordinary Resolution to sanction a modification of the date of maturity of any Notes or which would have the effect of:

- (a) postponing any day for payment of interest thereon;
- (b) reducing or cancelling the amount of principal or the rate of interest payable in respect of such Notes;
- (c) altering the method of calculating the amount of any payment in respect of the Notes or any of them on redemption or at maturity;
- (d) releasing or substituting the security created by the Issuer Deed of Charge or any part thereof except in accordance with the Issuer Transaction Documents;
- (e) providing for the exchange, conversion or substitution of the Notes or any of them into shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (f) altering the currency of payment of such Notes;
- (g) altering the priority of payment of interest, principal or premium (if any) in respect of the Notes or any of them;
- (h) altering the quorum or majority required in relation to this exception; or
- (i) sanctioning any scheme or proposal for the exchange or sale of the Notes and/or Coupons for or the conversion of the Notes and/or Coupons into or the cancellation of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash,

(each, a **Basic Terms Modification**) shall be one or more persons entitled to attend and vote present holding or representing in aggregate not less than three-fourths of the Principal Amount Outstanding of such class or classes of the Notes for the time being outstanding or, at any adjourned meeting, one or more persons present holding or representing in aggregate not less than one-fourth of the aggregate Principal Amount Outstanding of such class or classes of the Notes for the time being outstanding.

The Note Trust Deed provides that, except in the case of an Extraordinary Resolution directing the Note Trustee to give an Issuer Acceleration Notice, as to which the provisions of Condition 9 (*Issuer Events of Default*) shall apply:

- (i) a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of one class only of the Notes shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Notes of that class;
- (ii) a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of all classes of the Notes but does not give rise to a conflict of interest between the holders of each class of the Notes shall be deemed to have been duly passed if passed at a single meeting of the holders of the Notes of all classes so affected;

- (iii) a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of the Notes of more than one class and gives or may give rise to a conflict of interest between the holders of one class or group of classes so affected and the holders of the Notes of another class or group of classes so affected shall be deemed to have been duly passed only if passed at a separate meeting of the holders of the Notes of all classes so affected.

The Note Trust Deed contains similar provisions in relation to directions in writing from Noteholders upon which the Note Trustee is bound to act.

11.6 The Note Trustee may, without the consent or sanction of the Noteholders and/or Couponholders of any class and any of the other Issuer Secured Creditors (subject as provided below and other than any Issuer Secured Creditor which is a party to the relevant Issuer Transaction Documents other than any Common Document, the Tax Deed of Covenant or the Liquidity Facilities Agreement, which shall be as provided in the STID), at any time and from time to time, concur with the Issuer and any other person, or direct the Issuer Security Trustee to concur with the Issuer or any other person, in making any modification to:

- (a) the Notes and/or Coupons, these Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents (other than a Basic Terms Modification or in relation to any Issuer Transaction Documents which are Common Documents, the Tax Deed of Covenant or the Liquidity Facilities Agreement, which shall be as provided in the STID), or to any other document to which it or the Issuer Security Trustee is a party or over which the Issuer Security Trustee holds security, or may give its consent to any event, matter or thing, if: (i) in its opinion, it is proper to make and the interests of the holders of the Notes then outstanding shall not be materially prejudiced thereby, and (ii) in relation to any modification which is required or permitted, subject to the satisfaction of specified conditions under the terms of the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents, as the case may be, provided such conditions are satisfied; and
- (b) the Notes and/or Coupons, these Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents (other than the Common Documents, the Tax Deed of Covenant or the Liquidity Facilities Agreement, which shall be as provided in the STID), or to any other document to which it or the Issuer Security Trustee is a party or over which the Issuer Security Trustee holds security, if, in its opinion, it is required to correct a manifest error or is of a formal, minor or technical nature,
- (c) provided that to the extent such modification relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent in accordance with the Issuer Deed of Charge or, where any Noteholders are Affected Issuer Secured Creditors, the Noteholders of each class affected thereby have sanctioned such modification in accordance with the Note Trust Deed.

11.7 The Note Trustee may, in its sole discretion without the consent or sanction of the Noteholders and/or Couponholders of any class or any other Issuer Secured Creditor from time to time and at any time (subject as provided below) and without prejudice to its rights in respect of any subsequent breach, Issuer Event of Default, Potential Issuer Event of Default, Obligor Event of Default or Potential Obligor Event of Default (but only if and insofar as in its opinion the interests of all classes of the Noteholders then outstanding shall not be materially prejudiced thereby), on such terms and subject to such conditions as to it shall seem expedient, waive or authorise, or direct the Issuer

Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or any other person of any of the covenants or provisions contained in the Notes and/or Coupons, these Conditions, the Note Trust Deed and/or the other Issuer Transaction Documents (other than in relation to any Common Document, the Tax Deed of Covenant or the Liquidity Facilities Agreement, which shall be as provided in the STID) and to the terms of the Note Trust Deed (and, in respect of it directing the Issuer Security Trustee, the Issuer Deed of Charge), or to any other document to which it or the Issuer Security Trustee is a party or over which the Issuer Security Trustee holds security, or determine that any event which would otherwise constitute an Issuer Event of Default shall not be treated as such for the purposes of the Note Trust Deed provided that to the extent such event, matter or thing relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors has given its prior written consent in accordance with the Issuer Deed of Charge or, where any Noteholders are Affected Issuer Secured Creditors, the Noteholders of each class affected thereby have sanctioned such event, matter or thing in accordance with the Note Trust Deed and provided further that the Note Trustee shall not exercise such powers in contravention of any express direction given by Extraordinary Resolution or a direction under Condition 9 (Issuer Events of Default) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made or so as to authorise or waive any such proposed breach or breach relating to any Basic Terms Modification unless the Noteholders have, by Extraordinary Resolution, so authorised its exercise.

- 11.8 The Note Trustee shall, without the consent or sanction of any of the Noteholders and/or Couponholders of any class or of any other Issuer Secured Creditor (subject as provided below) concur with the Issuer, and/or direct the Issuer Security Trustee to concur with the Issuer, in making any modification to the Notes and/or Coupons, the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents that is requested by the Issuer in writing in order to comply with any criteria of the Rating Agencies which may be published after the Closing Date and which modifications the Issuer certifies to the Note Trustee and/or the Issuer Security Trustee (as applicable) in writing are required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Notes provided that the Note Trustee shall not concur with the Issuer in making any such modification or giving any such consent or direct the Issuer Security Trustee to concur with the Issuer in making such modification unless and until the Issuer has obtained the consent in writing of each other party to any relevant Issuer Transaction Document to which such modification is applicable and provided further that, in relation to any Issuer Transaction Document which is a Common Document (with the exception of the MDA to the extent that the modification relates to a definition in such Issuer Transaction Document), the Liquidity Facilities Agreement and the Tax Deed of Covenant the provision of the STID relating to modifications thereto shall apply and that the Note Trustee and/or the Issuer Security Trustee (as applicable) shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee and/or the Issuer Security Trustee (as applicable) would have the effect of (i) exposing the Note Trustee or the Issuer Security Trustee (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Note Trustee or the Issuer Security Trustee (as applicable) in respect of the Notes and/or Coupons, these Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or other Issuer Transaction Documents.
- 11.9 Any such modification, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any) as the Note Trustee may determine, shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, shall be

notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14 (*Notice to Noteholders*) (copied to the Rating Agencies).

- 11.10 In connection with any such substitution of principal debtor referred to in Condition 6.3 (*Optional redemption for taxation or other reasons*), the Note Trustee may also agree, without the consent of the Noteholders, to a change of the laws or jurisdiction governing the Notes and/or Coupons, these Conditions, the Note Trust Deed and/or any of the Issuer Transaction Documents, provided that such change would not, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders and provided further that the conditions to such substitution as set out in the Note Trust Deed are met.

11.11 STID Matters

The Note Trustee shall not be bound to take, or to give any direction to the Obligor Security Trustee to take, any actions, proceedings and/or other steps in relation to the STID unless:

- (a) (in relation to all voting or direction matters (except those involving Entrenched Rights where any Noteholder and/or Couponholder is an Affected Issuer Secured Creditor) pursuant to the STID) directed to do so in accordance with the provisions set out in the Note Trust Deed;
- (b) (in relation to matters pertaining to Entrenched Rights (where any Noteholder and/or Couponholder is an Affected Issuer Secured Creditor) pursuant to the STID) directed to do so in accordance with the provisions set out in the Note Trust Deed; and
- (c) only if it shall be indemnified and/or secured to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing and, for this purpose, the Note Trustee may demand, prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it.

The Note Trustee shall be entitled to assume that any instruction, consent or certificate received by it from the Obligor Security Trustee, which purports to have been given pursuant to the STID, has been given in accordance with its terms and shall not incur or be responsible for any Liability in making such assumption. The Note Trustee shall be entitled to assume that any such instructions, consents or certificates are authentic and have been properly given in accordance with the terms of the STID. If the Obligor Security Trustee, in issuing or giving any such instruction, consent or certificate breaches any rights or restrictions set out in this Note Trust Deed, the STID or any other Issuer Transaction Document, this shall not invalidate such instruction, consent or certificate unless the Obligor Security Trustee notifies the Note Trustee in writing before the Note Trustee commences to act on such instruction, consent or certificate that such instruction, consent or certificate is invalid and should not be acted on. If the Note Trustee is so notified after it has commenced to act on such instruction, consent or certificate, the validity of any action taken shall not be affected but the Note Trustee shall take no further action in accordance with such instruction, consent or certificate, except to the extent that it has become legally obliged to do so.

11.12 Directions and requests

The Note Trustee shall not be obliged to comply with any direction or request of any Noteholder and/or Couponholder or group of Noteholders and/or Couponholders to do any act or thing which would or may, in the opinion of the Note Trustee, be illegal,

contrary to any requirement or request of any fiscal or monetary or other governmental authority or in breach of any contract, treaty, agreement or Issuer Transaction Document the terms of which bind the Note Trustee but shall notify such Noteholder and/or Couponholder or group of Noteholders and/or Couponholders promptly if it does not intend to comply with any such direction or request, stating the reasons therefor.

11.13 Trustee powers

The Note Trustee shall be entitled to take into account, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Issuer Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), among other things, to the extent that it considers, in its sole and absolute discretion, it is necessary and/or appropriate and/or relevant, any confirmation by any Rating Agency (whether or not such confirmation is addressed to, or provides that it may be relied upon by, the Note Trustee and irrespective of the method by which such confirmation is conveyed) (a) that the then current rating by it of the relevant class of Notes would not be downgraded, withdrawn or qualified by such exercise or performance, and/or (b) if the original rating of the relevant class of Notes has been downgraded previously, that such exercise or performance will not prevent the restoration of such original rating of such class of Notes.

In connection with the exercise or performance by it of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Issuer Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Note Trustee is required to have regard to the interests of the Noteholders and/or Couponholders of any class, it shall have regard to: (i) the general interests of the Noteholders and/or Couponholders of such class together but shall not have regard to any interests arising from circumstances particular to individual Noteholders and/or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders and/or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Note Trustee shall not be entitled to require, nor shall any Noteholder and/or Couponholder be entitled to claim from the Issuer, the Note Trustee or the Issuer Security Trustee or any other person any indemnification or payment in respect of any Tax or stamp duty consequences of any such exercise upon individual Noteholders and/or Couponholders except to the extent already provided for in the Conditions and/or in any undertaking or covenant given in addition thereto or in substitution therefor under the Note Trust Deed; and (ii) the interests of the Noteholders and/or Couponholders of all classes equally.

12. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE ISSUER SECURITY TRUSTEE

The Note Trust Deed and the Issuer Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Issuer Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Issuer Security Trustee, enforcing the security constituted by the Issuer Deed of Charge unless indemnified and/or secured and/or pre-funded to their satisfaction.

The Note Trust Deed and the Issuer Deed of Charge also contain provisions pursuant to which the Note Trustee and the Issuer Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the

Issuer Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Issuer Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Any advice, opinion, certificate, report or information called for by or provided to the Note Trustee and/or the Issuer Security Trustee (whether or not addressed to the Note Trustee and/or the Issuer Security Trustee) in accordance with or for the purposes of the Note Trust Deed and/or any other Issuer Transaction Documents may be relied upon by the Note Trustee and/or the Issuer Security Trustee notwithstanding that such advice, opinion, certificate, report or information and/or any engagement letter or other document entered into or accepted by the Note Trustee and/or the Issuer Security Trustee in connection therewith contains a monetary or other limit on the liability of the person providing the same in respect thereof and notwithstanding that the scope and/or basis of such advice, opinion, certificate, report or information may be limited by any such engagement letter or other document or by the terms of the advice, opinion, certificate, report or information itself.

13. REPLACEMENT OF GLOBAL NOTES

If any Global Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Principal Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Global Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Global Note must be surrendered before a new one will be issued.

14. NOTICE TO NOTEHOLDERS

Any notice shall be deemed to have been duly given to the relevant Noteholders if sent to the Clearing Systems for communication by them to the holders of the Notes and shall be deemed to be given on the date on which it was so sent and (so long as the relevant Notes are admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market), any notice shall also be published in accordance with the relevant listing rules and regulations.

In addition, for so long as the Notes are admitted to trading and listed as described above, the Issuer shall give one copy of each notice in accordance with this Condition 14 (*Notice to Noteholders*) to the Irish Stock Exchange in accordance with the relevant listing rules and regulations.

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Notes are then admitted to trading and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

15. FURTHER NOTES, REPLACEMENT NOTES AND NEW NOTES

15.1 Further Notes

Subject always to the Note Trust Deed and the Issuer Deed of Charge, the Issuer may, without the consent of the Noteholders, raise further funds, from time to time, on any

date by the creation and issue of further notes (**Further Notes**) carrying the same terms and conditions in all respects (or in all respects except for the first Interest Period) as, and so that the same shall be consolidated and form a single class and rank *pari passu* with the Notes provided that:

- (a) the aggregate principal amount of all Further Notes to be issued on such date is not less than £5,000,000;
- (b) any Further Notes are assigned the same ratings as are then applicable to the Notes with which they are to be consolidated and form a single class;
- (c) the current ratings of the Notes will not be adversely affected by at that time outstanding are not downgraded, withdrawn or qualified as a result of such issue of Further Notes (as confirmed by the Rating Agencies (in writing in the case of S&P) or, in the case of any Rating Agency other than S&P, only where any of the Rating Agencies is unwilling to provide such confirmation for any reason other than related to the rating itself, as certified by the Borrower that it has notified the relevant Rating Agency of the proposed issue of Further Notes and after having made all reasonable enquiries with the relevant Rating Agency or otherwise and providing evidence to the Note Trustee to support such certification);
- (d) an amount equal to the aggregate principal amount of such Further Notes will be on-lent by the Issuer under the Initial Issuer/Borrower Facility pursuant to the provisions of the Issuer/Borrower Facilities Agreement; and
- (e) application will be made, in respect of the Further Notes, for such notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market or, if the Notes then issued are no longer admitted to trading on that exchange, such exchange, if any, on which the Notes then issued are then admitted to trading on.

15.2 Replacement Notes

If Condition 11.2 (*Substitution*) is satisfied, the Issuer may, without the consent of the Noteholders, issue one or more classes of replacement notes (**Replacement Notes**) to replace one or more classes of the Notes, each class of which shall have terms and conditions which may differ from the terms and conditions of the class of Notes which it replaces and which may on issue be in an aggregate principal amount which is different from the aggregate Principal Amount Outstanding of the class of Notes which it replaces, provided that the class or classes of Notes to be replaced are redeemed in full in accordance with Condition 6.3 (*Optional redemption for taxation or other reasons*) upon a voluntary prepayment of the Initial Issuer/Borrower Loan and the conditions to the issue of Further Notes as set out in Condition 15.1(a), (c), (d) and (e) are satisfied, *mutatis mutandis*, in respect of such issue of Replacement Notes.

15.3 New Notes

The Issuer may, without the consent of the Noteholders, raise further funds, from time to time and on any date, by the creation and issue of new notes (**New Notes**) which may rank *pari passu* with the Notes and which may have terms and conditions which differ from the Notes and which may have the benefit of a financial guarantee and which do not form a single class with the Notes provided that the conditions to the issue of Further Notes as set out in Condition 15.1(a), (c), (d) and (e) are satisfied, *mutatis mutandis*, in respect of such issue of New Notes.

15.4 Notice of Further Notes, Replacement Notes or New Notes

The Issuer shall give notice to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) that the conditions described in this Condition 15.4 have been or will be met on the date of issue of such New Notes, Further Notes, Replacement Notes, as the case may be.

15.5 Supplemental trust deeds and security

Any such Further Notes, Replacement Notes or, as the case may be, New Notes will be constituted by a further deed or deeds supplemental to the Note Trust Deed and have the benefit of the security constituted by the Issuer Deed of Charge. Any of the Issuer Transaction Documents may be amended as provided in Condition 2.1(e) (*Status and relationship between the Notes*) or otherwise, and further Issuer Transaction Documents may be entered into, in connection with the issue of such Further Notes, Replacement Notes or, as the case may be, New Notes and the claims of any of the parties to any amended Issuer Transaction Document or any further Issuer Transaction Document may rank ahead of, *pari passu* with or behind, any class or classes of the Notes, provided, in each case, that the condition set out in Condition 15.1(c) is satisfied, *mutatis mutandis*.

16. GOVERNING LAW AND JURISDICTION

Each of the Note Trust Deed, the Global Notes and these Conditions (and, in each case, any non-contractual obligations arising out of or in connection with the relevant document) is governed by, and shall be construed in accordance with, English law.

Any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Note Trust Deed, the Global Notes and/or these Conditions (including any dispute as to the existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Note Trust Deed, the Global Notes and/or these Conditions) (each, a **Dispute**) shall be subject to the exclusive jurisdiction of the courts of England and Wales to settle any such Dispute, and the Issuer has in the Note Trust Deed submitted to the exclusive jurisdiction of such courts.

17. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes and/or Coupons, these Conditions or the Note Trust Deed, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

FORMS OF THE NOTES

The Notes will be in bearer form, with or without interest Coupons attached. Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

General

The Notes will be initially issued in the form of the Temporary Global Note which will be delivered on or prior to the Closing Date to a common depositary (the **Common Depositary**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**).

Whilst any Note is represented by the Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date will be made only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after the Temporary Global Note is issued, interests in the Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for, (i) interests in the Permanent Global Note, or (ii) Definitive Notes with, where applicable, Coupons attached, in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive Definitive Notes. The holder of the Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in the Permanent Global Note or for Definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on the Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg without any requirement for certification.

The Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Notes with, where applicable, Coupons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that, (i) either of the Clearing Systems is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Note Trustee is then in existence, or (ii) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will on the next Interest Payment Date be required to make any deduction or withholding from any payment in respect of such Notes which would not be required were such Notes in definitive form. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the common depositary for Euroclear and Clearstream, Luxembourg on their behalf (acting on the instructions of any holder of an interest in the Permanent Global Note) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur within 30 days of the occurrence of the relevant event.

The following legend will appear on the Notes and on all Coupons relating to the Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders with certain exceptions, will not be entitled to deduct any loss on Notes or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of the Notes or Coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in the specified denomination(s) only. Noteholders who hold Notes in the relevant Clearing System in amounts that are not integral multiples of a specified denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a specified denomination.

Further Notes

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where Further Notes are issued which is intended to form a single class with the Notes, such Notes shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS number assigned to Notes until at least the expiry of the Distribution Compliance Period.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative Clearing System as may be approved by the Issuer, the Principal Paying Agent and the Note Trustee.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Note Trustee or the Issuer Security Trustee, as the case may be, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

Provisions relating to the Global Notes

The Global Notes will contain provisions that apply to the Notes which they represent, some of which modify the effect of the Conditions of the Notes as set out in this Prospectus. The following is a summary of certain of those provisions:

- *Meetings:* The holder of a Global Note shall be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Global Note shall be treated as having one vote in respect of each £1 (or such other amounts as the Note Trustee may in its absolute discretion stipulate) in Principal Amount Outstanding of the Notes represented by such person.
- *Cancellation:* Cancellation of any Note represented by a Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by a reduction in the principal amount of the relevant Global Note.
- *Notices:* So long as any Notes are represented by a Global Note and such Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other relevant Clearing

System, notices to the Noteholders may be given, subject always to listing requirements, by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or any other relevant Clearing System for communication by it to entitled Noteholders in substitution for publication as provided in the Conditions. Such notices shall be deemed to have been received by the Noteholders on the date of delivery to such Clearing Systems.

BOOK-ENTRY CLEARANCE PROCEDURE

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Note Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an account holder of either system. Investors may hold their interests in Global Notes directly through Euroclear or Clearstream, Luxembourg as direct participants or indirectly as indirect participants.

TAX CONSIDERATIONS

UNITED KINGDOM TAXATION

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HMRC practice relating only to United Kingdom withholding tax treatment of payments of interest on the Notes. The comments below may not apply to certain classes of person (such as dealers). The following is not exhaustive and does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payment of interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Irish Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HM Revenue and Customs (**HMRC**) has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Where Notes are issued with a redemption premium (as opposed to being issued at a discount), any such premium element may constitute a payment of interest which will generally be subject to United Kingdom withholding tax, subject to any applicable exemption or relief as outlined above.

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an

issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

HMRC has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2014.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

EU SAVINGS DIRECTIVE

Under the EU Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The Luxembourg Government has announced its intention to introduce, as of 1 January 2015, automatic exchange of information with respect to the EU Savings Directive.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If you are in any doubt as to your tax position you should consult your professional tax adviser.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals the 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 Notes 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.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. 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 Notes are advised to seek their own professional advice in relation to the FTT.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

FATCA (defined below) imposes a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to, (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a "participating foreign financial institution" or a "**(Participating FFI)**" (as defined by FATCA) by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA, and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1 January 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of, (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "grandfathering date", which is the later of (a) 1 January 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register or which are materially modified on or after the grandfathering date, and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and Further Notes are issued on or after that date, the Further Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold or deduct pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code or withhold or deduct otherwise under Sections 1471 to 1474 of the U.S. Internal Revenue Code any regulations or agreements thereunder or official interpretations thereof, or law implementing an intergovernmental approach thereto (any such withholding or deduction being **FATCA Withholding**) from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership" or "withholding foreign trust" regimes). Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the **U.S.-UK IGA**) based largely on the Model 1 IGA.

If the Issuer is classified as an FFI, it expects to be treated as a Reporting FI pursuant to the U.S.-UK IGA and does not expect to be subject to FATCA Withholding on payments it receives. There can be no assurance, however, that the Issuer will be treated as a Reporting FI and that such withholding will not be imposed against the Issuer. If the Issuer does not become a Participating FFI, Reporting FI, or is not treated as exempt from or in deemed compliance with FATCA, the Issuer may be subject to FATCA Withholding on payments received from U.S.

sources and Participating FFIs. Any such withholding imposed on the Issuer may reduce the amounts available to the Issuer to make payments on the Notes.

If the Issuer is classified as an FFI, it expects to be treated as a Reporting FI pursuant to the U.S.-UK IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if, (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI or otherwise exempt from or in deemed compliance with FATCA, or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any Paying Agent nor any other person would, pursuant to the Conditions of the Notes, be required to pay additional amounts as a result of such deduction or withholding. As a result, investors may receive less interest or principal than expected.

FATCA means sections 1471 to 1474 of the U.S. Internal Revenue Code.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SUBSCRIPTION AND SALE

HSBC Bank plc and Lloyds TSB Bank plc (the **Joint Lead Arrangers**) and Barclays Bank PLC and The Royal Bank of Scotland plc (together with the Joint Lead Arrangers, the **Bookrunners**) have, pursuant to a subscription agreement in relation to the Notes dated on or around 10 June 2013 between them, the Obligors and the Issuer (the **Subscription Agreement**), agreed, jointly and severally, subject to certain conditions, to procure subscribers and failing which themselves to subscribe and pay for the Notes at an issue price of 99.993 per cent. of the initial principal amount thereof.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Joint Lead Arrangers and the Bookrunners in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Joint Lead Arrangers and the Bookrunners against certain liabilities in connection with the offer and sale of the Notes.

The Joint Lead Arrangers and the Bookrunners have, directly or indirectly through affiliates, provided investment and commercial banking, financial advisory and other services to UNITE and/or USAF and their affiliates from time to time, for which they have received monetary compensation. The Joint Lead Arrangers and the Bookrunners may from time to time also enter into swap and other derivative transactions with UNITE and/or USAF and their affiliates, including in relation to any Further Notes, Replacement Notes and/or New Notes. In addition, the Joint Lead Arrangers and the Bookrunners and their affiliates may in the future engage in investment banking, commercial banking, financial or other advisory transactions with the Issuer, UNITE and/or USAF or their affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Joint Lead Arrangers and the Bookrunners 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 or their affiliates. An affiliate of any Joint Lead Arranger or Bookrunner may place an order for a portion of the Notes. In the event that it purchases Notes, such affiliate may distribute the Notes to the market as permitted by applicable laws and regulations, but will be under no obligation to do so. Certain of the Joint Lead Arrangers and the Bookrunners or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Arrangers and the Bookrunners 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 the securities of the Issuer, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Joint Lead Arrangers and the Bookrunners 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.

Public offer selling restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Joint Lead Arranger and Bookrunner has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member

State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Lead Arrangers; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to above shall require the Issuer or any Joint Lead Arranger or Bookrunner to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

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

United Kingdom

Each Joint Lead Arranger and Bookrunner has represented to and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; 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 any Notes in, from or otherwise involving the United Kingdom.

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

The purchaser of the Notes will agree that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes as part of its distribution at any time or otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of each class of Notes, as certified by the relevant Joint Lead Arranger.

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including book-entry interests) will be deemed to have represented and agreed as follows:

- (a) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only: (i) to a purchaser who is not a U.S. person (as defined in Regulation S under the Securities Act) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act; or (ii) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States, provided that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control; and
- (b) unless the relevant legend set out below has been removed from the Notes such purchaser shall notify each transferee of Notes (as applicable) from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a), (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing.

The Issuer, the Paying Agents, the Joint Lead Arrangers, the Bookrunners and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Notes will bear a legend to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, AS A MATTER OF U.S. LAW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, EXCEPT PURSUANT TO AN EXEMPTION FROM THE

REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES."

The Notes 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

General

Except for the approval of this document as a prospectus by the Central Bank of Ireland, no action has been or is being taken by the Issuer or the Joint Lead Arrangers or the Bookrunners in any jurisdiction which would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of this document or any other material relating to the Issuer in any country or jurisdiction where action for that purpose is required.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this document nor any other circular, prospectus, form of application, advertisement or other material in connection with the Notes may be distributed in or from or published in any country or jurisdiction, except under circumstances which will result in compliance with applicable laws and regulations of any such country or jurisdiction.

Each Joint Lead Arranger and Bookrunner has undertaken to the Issuer that it will not, to the best of its knowledge, directly or indirectly, offer or sell any Notes, or distribute this document or any other material relating to the Notes, in or from any country or jurisdiction except in circumstances that will result in compliance with applicable law and regulation.

GENERAL INFORMATION

1. The issue of the Notes will be authorised by resolutions of the board of directors of the Issuer passed on 3 June 2013 and 14 June 2013.
2. It is expected that the admission of the Notes to the Irish Stock Exchange's Official List and trading on its regulated market will be granted on or about the Closing Date, subject only to issue of the Temporary Global Note. The listing of the Notes will be cancelled if the Temporary Global Note is not issued. Transactions will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction.
3. It is expected that the Notes will be accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and the ISIN for the Notes is as follows:

ISIN	Common Code
XS0942125963	094212596

4. So long as the Notes are admitted to the Irish Stock Exchange's Official List and trading on its regulated market, the most recently published audited annual accounts of the Issuer and the Borrower from time to time will be available at the specified office of the Principal Paying Agent.
5. Each of the Issuer and the Obligors have obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes.
6. Neither the Issuer nor the Borrower nor any Limited Partnership are or have been involved in any governmental, legal or arbitration proceedings which may have, or have had since the date of its incorporation or establishment or (in the case of the Limited Partnerships) the date of the most recently published audited annual accounts, a significant effect on its financial position, and neither is the Issuer nor the Borrower nor the Limited Partnership aware that any such proceedings are pending or threatened against it.
7. Each Note and Coupon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
8. Neither the Issuer nor the Borrower have commenced operations or prepared any audited accounts since the date of their incorporation.
9. CBRE and has given and not withdrawn its written consent to, as the case may be, the inclusion in this document of their report, reference to their report in this document and references to their name in the form and context in which they are included and have authorised the contents of those parts of the Prospectus. Furthermore, CBRE has provided confirmation that they are not aware of any material change in any matter relating to the Properties since the date of this document which would have a significant effect on the Valuation.
10. Save as disclosed in this document, neither the Issuer nor the Borrower has any outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer or the Borrower created any mortgages, securities, charges or given any guarantees.

11. Save as disclosed in this document, the Limited Partnerships have no partnership contributions, borrowings or indebtedness or contingent liabilities, nor have the Limited Partnerships created any mortgages, standard securities, charges or given any guarantees.
12. Copies of the following documents may be inspected in physical form during usual business hours on any week day (excluding Saturdays and public holidays) at the registered offices of the Issuer from the date of this Prospectus and for so long as the Notes are listed on the Irish Stock Exchange:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the Memorandum and Articles of Association of the Borrower;
 - (c) the Partnership Deeds;
 - (d) copies of the execution versions of:
 - (i) the Note Trust Deed;
 - (ii) the Agency Agreement;
 - (iii) the Issuer Cash Management Agreement;
 - (iv) the Issuer Deed of Charge;
 - (v) the Issuer Account Bank Agreement;
 - (vi) the Issuer/Borrower Facilities Agreement;
 - (vii) the MDA;
 - (viii) the CTA;
 - (ix) the STID; and
 - (e) the Valuation Report.
13. Neither the Issuer nor the Borrower have commenced operations and, accordingly, no financial statements have been prepared in respect of either of them.
14. The financial year end in respect of the Issuer and the Borrower and the end of the accounting period in respect of the Issuer and the Borrower is on 31 December in each year. Neither the Issuer nor the Borrower will publish interim accounts.
15. No website referred to in this Prospectus forms part of the document for the purposes of the listing of the Notes on the Irish Stock Exchange.
16. The Issuer will provide post-issuance transaction information in the form of a quarterly investor report (including information related to property disposals since the last quarterly investor report, the performance and compliance by the Obligors with respect to their obligations under the CTA and the Issuer/Borrower Facilities Agreement and payments of interest and repayments (or prepayments) on the Initial Issuer/Borrower Loans and the Notes) (the **Quarterly Investor Report**). Such information will be sent to the Rating Agencies and made available to Noteholders on Bloomberg (or such other information service as is notified to Noteholders from time to time).

17. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on its regulated market for the purposes of the Prospectus Directive.
18. KPMG Audit Plc, registered office 15 Canada Square, London E14 5GL, are the independent auditors to the Issuer and the Obligor Group.
19. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is 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 used.
20. The estimated expense of admission to trading on the regulated market of, and listing on, the Irish Stock Exchange is €5,041.20.
21. KPMG Audit Plc, Chartered Accountants, has given and not withdrawn its written consent to the inclusion of its report on the pro forma financial information set out in the section entitled "Unaudited Pro Forma Financial Information" of this Prospectus, and the inclusions in this Prospectus of the references to its name in the form and context in which they appear.

INDEX OF DEFINED TERMS

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

£.....	iii	Borrower Post-Enforcement Post-	
2010 PD Amending Directive.....	273	Acceleration Payment Priorities.....	192
AC.....	203	Borrower Post-Enforcement Pre-	
Acceptable Bank.....	122	Acceleration Payment Priorities.....	189
Account Bank Minimum Ratings.....	61	Borrower Pre-Enforcement Pre-	
Accrual Date	245	Acceleration Payment Priorities.....	185
Acquisition Certificate	104	Borrower Profit Amount	122
Acquisition Conditions	104	Buildings Condition Surveys	34
Acquisition Loan	214	Business Days	1
Acquisition Loans.....	104	Business Plan	92
Acquisitions Covenant	105	Calculation Date	84
Act	21	Capex Amount	173
Actual Cashflow	84	Capital Goods Scheme.....	24
Actual Finance Costs.....	86	Capital Requirements Directive	iv
ADJ 2.....	232	Cash	84
ADJ 3.....	232	Cash Equivalents.....	122
ADJ 5.....	232	Cash Management Fee	85
ADJ 6.....	233	CBRE.....	ii
ADJ 7.....	233	Central Bank.....	ii
Adjusted Approved Operating Costs	86	Certificates of Title	32
Administrative Receiver	19	Challenge.....	119
Affected Issuer Secured Creditor.....	137	Challenge Notice	119
Affected Obligor Secured Creditor.....	137	Challenge Period	119
Affected Secured Creditors	137	Change of Control.....	152
Affiliate.....	122	Change of Control Prepayment Event ...	152
Agency Agreement	61	Clearing Systems.....	240, 267
Agency Agreement	239	Clearstream, Luxembourg	ii, 240, 264
Agreement for Lease	87	Closing Date	ii, 2, 239
Allocated Debt Amount.....	107	Code	251
Allocated Debt Percentage.....	107	Commercial Leases	72
an offer of Notes to the public.....	273	Commercial Rent Deposit Account..	59, 172
Appropriate Expert.....	144	Commercial Rent Deposits	166
Approved Capital Expenditure Amount....	86	Common Depositary	ii, 264
Approved Operating Costs	85	Common Documents	137
Authorised Investments	122	Common Terms Agreement	4, 239
Available Enforcement Proceeds.....	188	Compliance Certificate.....	118
Barclays.....	62	Compliance Certificate Date	84
Basel Committee	47	Conditions.....	ii, 63, 239
Basel II Framework.....	47	Corporate Services Agreement	62
Basel III.....	47	Corporate Services Provider.....	62
Basic Terms Modification.....	256	Couponholders	63, 239
Belmont decision	43	Coupons	239
Beneficiary Undertaking	51	CRA Regulation	ii, 10, 62
Bookrunners	ii, 272	CRD	iv
Borrower	ii, 55, 209, 239	CRD IV.....	47
Borrower Account	59	CRD2.....	48
Borrower Hedge Collateral Account	59, 168	CTA.....	4, 83, 239
Borrower Hedge Counterparties.....	62	Cure Deposit.....	88
Borrower Hedge Counterparty.....	62	Cure Deposit Accounts	59
Borrower Payment Priorities	122	Cure Right.....	88
Borrower Post-Enforcement Payment		Decision Period.....	14
Priorities.....	122	Declaration of Trust	132

Defeasance Account Ledger	168	Filbert Village Student Accommodation	
Defeasance Accounts.....	59	Unit Trust	56
Defeased Amounts	168	Final Maturity Date.....	ii, 64, 246
Definitive Notes	63, 240	Financial Conduct Authority	iii
Determination Dissenting Creditors	143	Financial Covenant Ratio.....	84
Determination Dissenting Notice	143	Financial Covenant Ratio Breach	84
Direct Occupational Leases.....	72	Financial Indebtedness.....	101
Discretion Matter	142	Financial Indebtedness Covenant	102
Disposal Certificate.....	106	Fitch	ii
Disposal Proceeds.....	84	Fixed Rate Notes	126
Disposal Proceeds Accounts	59	flip clauses	42
Disposals Covenant.....	106	FSMA.....	225
Dispute	263	Full Valuation	126
Dissenting Creditors	143	Further Enforcement Instruction Notice ..	139
Distressed Disposal	123	Further Notes	67, 262
Distributions Covenant	93	FV GP	232
Downgrade Event	159	FV LP.....	75, 212, 232
DT Trustee.....	212	FVGP	56, 212
Duty of Care Deed	73, 113	FVLP.....	55
EMIR.....	138	FVUT	56, 232
Enforcement Action	123	General Account.....	59
Enforcement Instruction Notice.....	138	General Partner	56
Enhancement Capex	86	General Partners	56
Entrenched Right Dissenting Creditor ...	143	Global Note	240
Entrenched Right Dissenting Notice	143	Global Notes	240
Entrenched Rights	123, 140	Good Industry Practice	126
Environmental Law	113	GP FV	75
Environmental Permits.....	113	GP1.....	74, 232
Environmental Reports	34	GP10.....	74, 232
ESMA	ii	GP4.....	232
EU.....	ii	GP5.....	232
EU Savings Directive	45	Gross Redemption Yield.....	65, 249
Euroclear	ii, 240, 264	Head Leases.....	27
European Market Infrastructure		Hedge	126
Regulation	138	Hedge Collateral Excluded Amounts	126
Exchange Date	264	Hedge Counterparties.....	62
Exchange Event	264	Hedge Counterparty	62, 126
Excluded Tax.....	125	Hedge Counterparty Minimum Ratings..	126
Existing Borrower.....	3, 238	Hedge Replacement Premium.....	126
Existing Facility	3	Hedging Agreement.....	126
Existing Facility Agreement	3	Hedging Transaction.....	141
Existing Intra Group Loans	3	HEFCE.....	39
Existing Intra-Group Loans	238	HIMOs.....	36
Existing Issuer	3, 238	Historic Cashflow ICR	84
Existing Issuer Borrower Facility		HMRC	24, 268
Agreement	3	Holding Company	126
Expected Maturity Date	ii, 64, 246	HSBC.....	i, 62
Expert	65	IGA.....	270
Extension Refusal.....	159	Incoming Properties.....	103
Extraordinary Resolution	125	Incoming Property Criteria	105
Extraordinary Voting Matters	140	Independent Expert	119
Facility Agents	142	Independent Valuer	92
Failed Direct Debit Refunds.....	166	Initial Issuer/Borrower Facilities Fee	146
FATCA	271	Initial Issuer/Borrower Facility	83
FATCA Withholding	270	Initial Issuer/Borrower Loan	ii, 2
FCA	iii	Initial Issuer/Borrower Loans	146
FFI	270	Initial Loan Final Maturity Date	70, 146

Initial RCF Loan.....	2	Issuer Profit Amount	129
Initial Valuation Date.....	74	Issuer Secured Creditor Entrenched	
Initial Valuations	73	Right	129
Insolvency Act	50	Issuer Secured Creditors	4
Insolvency Event	126	Issuer Secured Liabilities.....	164
Insolvency Official.....	127	Issuer Security	58, 164
Insolvency Proceedings.....	127	Issuer Security Trustee.....	58, 239
Institutional Lease.....	87	Issuer Transaction Account	61
Insurance Covenant.....	74	Issuer Transaction Documents	129
Intercreditor Arrangements.....	137	Issuer/Borrower Facilities	2
Interest Payment Date	63, 245	Issuer/Borrower Facilities Agreement.....	2
Interest Period	ii, 63, 245	Issuer/Borrower Facilities Fee	146
Interest Rate	244	Issuer/Borrower Loans.....	2
Interim Compliance Certificate.....	90	Joint Lead Arrangers	i, ii, 62, 272
Interim Management Report.....	86	Lease	116
Intra-Group Agreement.....	2	Lease Documents.....	87
Intra-Group Loan	3	Legal Charge	31
Intra-Group Loans.....	ii, 3	LF Arrangement Fee.....	156
Intra-Group Payment	128	LF Commitment Fee	156
Investor Limited Partners.....	56	LF Final Maturity Date	155
Investor's Currency	15	LF Finance Document	130
Irish Stock Exchange	ii	LF Finance Documents.....	130
IRS.....	270	LF Loans.....	3
ISDA Master Agreement.....	112	LF Provider	59
Issuer.....	i, ii, 55, 197, 204, 239	LF Provider Minimum Ratings	59
Issuer Acceleration Notice	63, 252	LF Termination Date	156
Issuer Account Bank.....	61	Liabilities	130
Issuer Account Bank Agreement	61	LIBOR.....	150
Issuer Accounts	61, 183	Limited Partner	56
Issuer Cash Management Agreement.....	61	Limited Partner Loan	214
Issuer Cash Manager	61	Limited Partner Loans.....	104
Issuer Charged Assets	255	Limited Partners.....	56
Issuer Charged Documents	164	Limited Partnership.....	55
Issuer Debt Service Shortfall Test	91	Limited Partnerships	55
Issuer Deed of Charge.....	58, 239	Liquidity Coverage Ratio.....	47
Issuer Enforcement Notice	63	Liquidity Facilities.....	3
Issuer Event of Default	252	Liquidity Facilities.....	59
Issuer HoldCo.....	55, 207	Liquidity Facilities Agreement.....	59
Issuer HoldCo Share Trustee	55, 207	Liquidity Facility Agreement.....	3
Issuer LF Loans.....	3	Liquidity Facility Drawdown Date	130
Issuer Liquidity Event.....	89	Liquidity Facility Events of Default	160
Issuer Liquidity Event Amount	89	Liquidity Loan.....	130
Issuer Liquidity Facility.....	3, 59	Liquidity Retention Amount.....	188
Issuer Liquidity Facility Amount	155	Liquidity Standby Drawing	159
Issuer Liquidity Facility Commitment	128	Lloyds	i, 62
Issuer Liquidity Loan.....	128	Loan Interest Payment Date	146
Issuer Liquidity Proportion	90	Loan to Value Ratio	84
Issuer Liquidity Reserve Account	61	Lock-Up Accounts.....	59
Issuer Liquidity Shortfall.....	128	Lock-Up Event	90
Issuer Liquidity Shortfall Amount	128	LP Hedge Collateral Account.....	59, 171
Issuer Liquidity Standby Account.....	61	LP Hedge Counterparties	62
Issuer Liquidity Standby Drawing	128	LP1	74, 232
Issuer Payment Priorities.....	194	LP10	74, 232
Issuer Post-Enforcement Pre-		LP4	232
Acceleration Payment Priorities.....	196	LP5	232
Issuer Pre-Enforcement Pre-		LPA Receiver.....	19
Acceleration Payment Priorities.....	195	Maintenance Capex.....	86

Maintenance Costs	86	Obligor Liquidity Standby Account.....	59
Majority Lenders	130	Obligor Liquidity Standby Drawing.....	131
Management Companies.....	57	Obligor Loans	3
Management Company	57	Obligor Secured Creditors	4
Management Company Account	59	Obligor Secured Liabilities	131, 162
Management Company Accounts.....	73	Obligor Security	4, 162
Management Company Leases.....	78	Obligor Security Documents	71, 162
Margin.....	150	Obligor Security Trustee	4, 58, 239
Master Definitions Agreement	239	Obligor Transaction Documents	131
Material Adverse Change	152	Occupational Lease	87
Material Adverse Effect.....	113, 130	Operating Agreements.....	225
Material Adverse Effect Prepayment		Operating Costs	85
Event	152	Operator.....	58
Materiality Reports.....	34	Operators	58
MDA.....	4	Ordinary Resolution	132
Minor Lease	113	Ordinary Voting Matters.....	139
Net Disposal Proceeds	107	Original LF Provider.....	3
Net Senior Debt	84	OSC Instruction Notice	144
Net Stable Funding Ratio.....	47	Outstanding Principal Amount	132
New Noteholders	68	Participating Secured Creditors	132
New Notes	68, 262	Partnership Deed	55, 212
Nomination Agreements	27, 72	Partnership Deeds	55, 212
Nominee	57	Partnership Documents	112
Nominee Fee Letter	132	Paying Agents.....	61, 239
Nominees	57	Payment Date	63
Non-Consenting Lender.....	154	Payment Priorities.....	185
Note Trust Deed	58, 176, 239	Permanent Global Note	240
Note Trustee.....	ii, 58, 239	Permitted Facility	3
Noteholders	63, 239, 241	Permitted Facility Agreement.....	3
Notes	ii, 58, 239	Permitted Facility Agreements.....	3
Obligor	55	Permitted Financial Indebtedness	102
Obligor Acceleration Notice	130	Permitted Hedge Termination.....	141
Obligor Account Bank.....	59	Permitted Security Interest	110
Obligor Account Bank Agreement	59	PF Agent.....	3
Obligor Accounts	59	PF Agents	3
Obligor Cash Manager.....	58	PF Loans	3
Obligor Debt Service Shortfall Test	91	PF Provider.....	3
Obligor Deed of Charge.....	4, 71	PF Providers	3
Obligor Enforcement Notice.....	130	Potential Issuer Event of Default	132
Obligor Event of Default	120	Potential Obligor Event of Default.....	132
Obligor Events of Default.....	120	pounds	iii
Obligor Facilities	3	Pre-Approved Valuer	91
Obligor Facility Agreements.....	3	Prepayment Principles.....	93
Obligor Facility Providers.....	3	Principal Amount Outstanding	64, 250
Obligor Group	55	Principal Paying Agent.....	61, 239
Obligor Guarantees	4	Proceeds.....	94
Obligor HoldCo	4, 55	Projected Cashflow.....	87
Obligor LF Loans	3	Projected Cashflow ICR.....	86
Obligor Liquidity Event.....	89	Projected Finance Costs.....	87
Obligor Liquidity Event Amount	89	Projected Test Period	86
Obligor Liquidity Facility	3, 59	Properties	72, 76
Obligor Liquidity Facility Amount	155	Property	72
Obligor Liquidity Facility Commitment ..	130	Property Advisor	92
Obligor Liquidity Loan	130	Property and Asset Management	
Obligor Liquidity Proportion	89	Agreement	57
Obligor Liquidity Reserve Account.....	59	Property and Asset Management	
Obligor Liquidity Shortfall Amount	131	Agreements	57

Property and Asset Management Fee	85	Restricted Loan.....	135
Property Interest	107	Restricted Payment Covenant	93
Property Manager	57	Restricted Payments.....	93
Property Managers	57	Revolving Credit Facility	2, 59, 149
Property Portfolio	ii, 72, 76	Revolving Credit Facility Agreement....	2, 59
Property Portfolio Criteria	105	S&P.....	ii
Property Valuation Report	73, 76	Scottish Properties.....	20
Prospectus.....	ii	SDLT.....	22
Prospectus Directive.....	ii, 273	Secured Creditor Representative	19
Prospectus Regulations.....	ii	Secured Creditor Representatives.....	137
Qualifying Debt	14, 132	Secured Creditors.....	137
Qualifying Secured Creditors.....	133	Securities Act.....	i, ii
Quarter	133	Security Account.....	135
Quarterly Investor Report	277	Security Interest.....	135
Quarterly Valuation	133	Senior Debt.....	136
Quasi-Security	133	Sinking Fund Accounts	59
Quorum Requirement	138	Stabilisation Manager	iii
Rating Agencies	ii, 62	Standard Security	31
RBS	62	sterling	iii
RCF Agent.....	59	STID.....	4
RCF Allocation.....	133	STID Notice	179
RCF Final Maturity Date	149	STID Proposal	137
RCF Loans	2	STID Voting Request	139
RCF Prepayment Event.....	92	Student Rent Deposit Account.....	59, 172
RCF Provider.....	2	Student Rent Deposits.....	166
RCF Providers	59	students	72
RCF Remedial Plan.....	93	Subordinated Creditors.....	137
RCF Rollover Loan	150	Subordinated Hedge Amounts.....	43
Recalcitrant Holder	270	Subordinated Loans.....	104
Receiver	19	Subscription Agreement	272
Reconciliation Covenant.....	88	Superior Landlord	31
Redemption Amount.....	64	Superior Lease	28
Redemption Percentage	65, 249	Tax Authority.....	136
Reference Market Makers	65, 249	Tax Beneficiaries	174
Regulation S	264	Tax Covenantors	174
Reimbursable Expenses.....	166	Tax Credit	136
Relevant Amount	107	Tax Deed of Covenant.....	174
Relevant Date	65, 249, 252	Tax Obligors	174
Relevant Implementation Date	272	Taxes	251
Relevant Issuer Liquidity Standby Drawing	133	Temporary Global Note	240
Relevant Liquidity Standby Drawing.....	133	Test Date	84
Relevant Member State	272	Test Period	84
Relevant Multiple	107	Third Party Amounts	195
Relevant Obligor Liquidity Standby Drawing	133	Trigger Event Consequences	91
Relevant Percentage	139	Trigger Event Financial Covenant Ratios.....	90
Relevant Treasury Stock	65, 249	Trigger Events	90
Rental Income	134	Trust Manager	79
Reorganisation Properties	23	Trustee.....	80
Reorganisation Transfers	23	U.S.-UK IGA	270
Repayment Costs	64, 134	UHL.....	232
Replacement Notes	68, 262	UIS.....	57, 73
Reporting FI.....	270	UM10L	220, 232
Reservations.....	135	UML	220, 232
Reserved Matters	140	Unaudited Pro Forma Financial Information.....	26
Residual Proceeds Amount	107	UNITE Discretionary Trust.....	56

UNITE Fund.....	2, 56	USAF Jersey Trustee	212
UNITE Limited Partner.....	56	USAF LP	212
UNITE Rent Collection Company	58	Valuation.....	136
UNITE Rent Collection Company		Valuation Report	29
Account.....	121	Valuations	136
UNITE Rent Collection Company		Valuer	73
Appointment Agreement.....	80	VAT	24
UNITE Rent Collection Company		VAT Account.....	59
Declaration of Trust	58, 80	Vendor Loan	214
Unused Tender Amount	98	Vendor Loans	103
USAF	2, 200	Voted Qualifying Debt.....	137
USAF Entity	104	Voting Matter	142

Appendix 1
Valuation Report

Valuation Report

as at

20 May 2013

on behalf of

**Lloyds TSB Bank plc
and
HSBC Bank plc**

Table of Contents

Content	Page Number
Part I – Valuation Report	
Valuation Report	I
Schedule of Capital Values.....	IV
Scope of Work & Sources of Information	XV
Valuation Assumptions.....	XVIII

Valuation Report

Report Date

20 May 2013

Addressee

Lloyds TSB Bank plc as Arranger, the Original RCF Provider, RCF Agent and a Hedge Counterparty, HSBC Bank plc as Arranger, the Original Liquidity Facility Provider, Capita Trust Company Limited as the Obligor Security Trustee, the Issuer Security Trustee and the Note Trustee in their capacities as agents and/or trustees and together each of their successors, transferees and assignees or any other person who becomes an RCF Facility Agent, a Liquidity Facility Provider, a Hedge Counterparty or agent and/or trustee for any or more lenders or other beneficiaries of any security granted in connection with the Transaction (together the **Beneficiaries** and each a **Beneficiary**), together with the Bookrunners and Managers (including Lloyds TSB Bank plc, HSBC Bank plc, Barclays Bank plc and The Royal Bank of Scotland plc)

["Transaction" means the secured funding transaction dated around the date hereof carried out by the Unite UK Student Accommodation Fund.]

Major Corporate Real Estate
Ground Floor, 10 Gresham Street
London
EC2V 7EA

For the attention of: Donna Aimufua

The Properties

As listed in the Schedule of Capital Values set out below being property assets of The Unite UK Student Accommodation Fund.

Instruction

To value on the basis of Market Value the Properties as at the valuation date in accordance with your instructions dated 10 April 2013.

Valuation Date

20 May 2013

Capacity of Valuer

External.

Purpose of Valuation

Securitisation and Revolving Credit Facility.

Market Value

£800,000,000 (EIGHT HUNDRED MILLION POUNDS) exclusive of VAT, as shown in the Schedule of Capital Values set out below.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

Security

We are of the opinion that the property interests provide suitable security for mortgage purposes and are suitable for securitisation although we have not been provided with the terms of the financing and cannot therefore comment on their suitability having regard to the nature of the Properties.

Compliance with Valuation Standards

The valuations have been prepared in accordance with The RICS Valuation – Professional Standards (2012) ("the Red Book").

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuations competently.

Assumptions

The property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None.

Valuer

The Properties have been valued by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK revenues.

We confirm that during the last six years CBRE Ltd (or other companies forming part of the same group of companies within the UK) have advised on the Subject Properties and acted for UNITE, however the total fees, including the fee for this assignment, earned by CBRE Ltd from UNITE are less than 5.0% of the total UK revenues.

Conflicts of Interest

We have disclosed the relevant facts to you and the other clients involved in a letter dated 18 April 2013 (copy attached), and have received everyone's confirmation that it is in order for us to carry out your valuation instruction and that the conflict can be managed.

Reliance

This report is for the use only of the Beneficiaries to whom it is addressed for the specific purposes set out herein and as detailed within Clause 18 of the LBG instructions terms and conditions. No responsibility is accepted to any third party for the whole or any part of its contents.

Furthermore our liability is limited in respect of the individual properties to which the appointment relates being the lower of up to 100% of the market value of any property or up to £25 million per claim, subject to an aggregate cap of £100m.

Publication

We understand that this report is to be used in connection with a bond issue and that it will form part of a prospectus and various other investor documents issued including, but not limited to, investor presentations and investor reports. Other than for this purpose neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

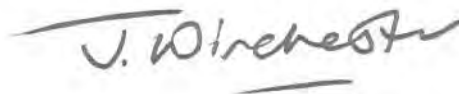
Yours faithfully

Yours faithfully



Michael Brodtman FRICS
Executive Director
RICS Registered Valuer
For and on behalf of CBRE Ltd

T: 020 7182 2674
E: michael.brodtman@cbre.com



Jo Winchester MRICS
Senior Director
RICS Registered Valuer
For and on behalf of CBRE Ltd

T: 020 7182 2091
E: joanne.winchester@cbre.com

Valuation & Advisory Services
T: 020 7182 2000
F: 020 7182 2273
W: www.cbre.co.uk
Project Reference: 332415
Report Version: 2012 GROUP CERT r1.dotm

Schedule of Capital Values

Properties held as an investment					
Ref	Address	Freehold / Feuhold / Heritable £	*Long Leasehold £	Freehold / Long Leasehold £	Total £
1.1	Blithehale Court, London	44,700,000			44,700,000
1.2	Kirby St, London	32,665,000			32,665,000
1.3	Pacific Court, London	19,180,000			19,180,000
1.4	Sunlight Apartments, London	2,620,000			2,620,000
2.1	King Street Exchange, Aberdeen	10,800,000			10,800,000
2.2	Old Fire Station, Aberdeen	15,510,000			15,510,000
2.3	Spring Gardens, Aberdeen	22,860,000			22,860,000
3.1	Blackfriars, Glasgow	25,950,000			25,950,000
3.2	Buchanan View, Glasgow	31,630,000			31,630,000
4.1	Firth Point, Huddersfield	7,750,000			7,750,000
4.2	Snow Island, Huddersfield			18,010,000	18,010,000
5.1	The Plaza, Leeds	51,240,000			51,240,000
5.2	The Tannery, Leeds	23,580,000			23,580,000
6.1	Exchange, Sheffield			18,545,000	18,545,000
6.2	The Anvil, Sheffield		7,470,000		7,470,000
7.1	Londonderry House, Birmingham		10,580,000		10,580,000
7.2	The Heights, Birmingham		43,760,000		43,760,000
8.1	Filbert Village, Leicester	29,060,000			29,060,000
8.2	Newarke Point, Leicester	35,420,000			35,420,000
8.3	St Martins House, Leicester		8,290,000		8,290,000
8.4	The Grange, Leicester	11,930,000			11,930,000
9.1	Apollo Court, Liverpool		10,130,000		10,130,000
9.2	Capital Gate, Liverpool		21,070,000		21,070,000
9.3	Grand Central, Liverpool	64,825,000			64,825,000
9.4	Larch House, Liverpool		4,290,000		4,290,000
10.1	The Holt, Loughborough		13,560,000		13,560,000
11.1	Riverside Point, Nottingham	24,720,000			24,720,000
11.2	St Peters, Nottingham	37,440,000			37,440,000
12.1	Blenheim Court, Bristol	16,470,000			16,470,000

Ref	Address	Freehold / Feuhold / Heritable £	*Long Leasehold £	Freehold / Long Leasehold £	Total £
12.2	Cherry Court, Bristol	11,410,000			11,410,000
12.3	Favell House, Bristol	14,240,000			14,240,000
12.4	Phoenix Court, Bristol			24,260,000	24,260,000
12.5	The Rackhay, Bristol	6,885,000			6,885,000
13.1	Central Point, Plymouth		16,180,000		16,180,000
13.2	Discovery House, Plymouth	18,840,000			18,840,000
13.3	St Teresa House, Plymouth	5,710,000			5,710,000
13.4	St Thomas, Plymouth	12,710,000			12,710,000
14.1	Northfields, Exeter	14,700,000			14,700,000
15.1	Crown House, Reading	10,690,000			10,690,000
	Total	603,535,000	135,330,000	60,815,000	799,680,000
	Portfolio Total say				800,000,000

* more than 50 years unexpired

Reference Number	Property	Brief Description	Freehold / Feuhold / Heritable £	*Long Leasehold £	Freehold / Long Leasehold £	Market Value (£)
1.1	London, Blithehale Court	The property was completed in 2009 and provides 306 ensuite student bedspaces. There is a mixture of commercial space and ancillary space for the student accommodation on the ground floor. The property is situated in an excellent location being within walking distance of Bethnal Green Underground Station and approximately 4 miles east of Central London.	44,700,000			44,700,000
1.2	London, Kirby Street	A 128 studio scheme that was completed to a high specification in 2008. The property is located in Hatton Garden between Holborn and Clerkenwell. The London Underground Stations of Farringdon, Chancery Lane, Barbican and Holborn are all within 0.5 miles of the property.	32,665,000			32,665,000
1.3	London, Pacific Court	A 142 ensuite bedspace scheme that was completed in 2008. The property is located approximately 3 miles east of Central London close to Queen Mary and London Metropolitan Universities.	19,180,000			19,180,000
1.4	London, Sunlight Apartments	The property consists of 6 four bedroom cluster flats situated within a gated residential development. The property is within walking distance of Bethnal Green Underground Station and approximately 4 miles east of Central London. The entire property is currently subject to a reservations agreement with EC English London Limited.	2,620,000			2,620,000
2.1	Aberdeen, King Street Exchange	The property was completed in 2003 and provides 178 ensuite bedspaces. It is located 2 miles north of the city centre close to Aberdeen University and 1.3 miles north of the Aberdeen College campus.	10,800,000			10,800,000

Reference Number	Property	Brief Description	Freehold / Feuhold / Heritable £	*Long Leasehold £	Freehold / Long Leasehold £	Market Value (£)
2.2	Aberdeen, Old Fire Station	Part converted former fire station and part new build scheme providing 273 ensuite bedspaces and retaining some original architectural features. The property was completed in February 2002. Situated 0.25-0.5 miles from the city centre and conveniently located for Aberdeen University and Aberdeen College.	15,510,000			15,510,000
2.3	Aberdeen, Spring Gardens	A 510 bedspace scheme constructed in 1994. 20 of the bedspaces were constructed in 2011. There are 70 car parking spaces. The property is of a slightly more basic specification than UNITE's standard new build. It is located opposite Aberdeen College, 0.5 miles north of the city centre between the University of Aberdeen and the city centre.	22,860,000			22,860,000
3.1	Glasgow, Blackfriars I & II	Blackfriars I consists of a 298 ensuite bedspace scheme that opened in 2005. Blackfriars II consists of a 222 ensuite bedspace scheme that opened in 2007. Both schemes are located in the heart of the city centre, 400m from Strathclyde University, 0.6 miles from Glasgow Caledonian University and 2 miles from the University of Glasgow.	25,950,000			25,950,000
3.2	Glasgow, Buchanan View	The property opened in 2003 and provides 660 ensuite bedspaces. Located on the north fringe of the city centre adjacent to Glasgow Caledonian University, metro, train station and bus station. The property provides 50 car parking spaces.	31,630,000			31,630,000
4.1	Huddersfield, Firth Point	The property comprises 200 ensuite bedrooms and was completed in 2002. It is located adjacent to Huddersfield University's campus and close to the town centre. The property has seven car parking spaces.	7,750,000			7,750,000

Reference Number	Property	Brief Description	Freehold / Feuhold / Heritable £	*Long Leasehold £	Freehold / Long Leasehold £	Market Value (£)
4.2	Huddersfield, Snow Island	The property comprises 427 ensuite bedrooms and was completed in 2001. It is located approximately 2 minutes walking distance from Huddersfield University's campus and close to the town centre. Part of the property is held on a lease expiring in May 2918.			18,010,000	18,010,000
5.1	Leeds, The Plaza	A purpose built student accommodation scheme comprising 964 ensuite beds in three adjoining blocks. It is located within Leeds City Centre approximately 1 mile to the north of the retail centre and in close proximity to the main University of Leeds and Leeds Metropolitan University campuses.	51,240,000			51,240,000
5.2	Leeds, The Tannery	A 502 ensuite bedspace scheme which was completed in 2004. It is located approximately 1 mile west of Leeds city centre in a mixed use area and within a mile of Leeds Metropolitan University, the University of Leeds, Leeds Dental Institute and Leeds General Infirmary. The property is subject to a nominations agreement with the University of Leeds for a term of 6 years from September 2011 with a break after 4 years. A small retail unit is included at ground floor level.	23,580,000			23,580,000
6.1	Sheffield, Exchange	A 437 ensuite bedspace scheme that was completed in 2002. It is located in Sheffield city centre in a mixed use area 0.25 miles to the south west of Sheffield Hallam University's principal campus and 1 mile to the east of the University of Sheffield. The Leasehold parts of the property are held on leases expiring in July 2201 and May 2638. A commercial office is included at ground floor level.			18,545,000	18,545,000

Reference Number	Property	Brief Description	Freehold / Feuhold / Heritable £	*Long Leasehold £	Freehold / Long Leasehold £	Market Value (£)
6.2	Sheffield, The Anvil	A 163 ensuite bedspace scheme which was completed in 2007. It is located 0.5 miles from Sheffield Hallam University and 1.1 miles from the University of Sheffield. The property is located to the south of the City Centre. Held on a lease expiring in November 2145.		7,470,000		7,470,000
7.1	Birmingham, Londonderry House	The property comprises a refurbished 1970s office building providing 175 ensuite bedspaces completed in 2002. The student accommodation is located on the 9th-16th floors above a car park. It is situated in Birmingham city centre within a 5-minute walk of Aston University's Campus. Held on a lease expiring in September 2098.		10,580,000		10,580,000
7.2	Birmingham, The Heights	A 909 ensuite bedspace scheme completed in two phases in 2004 and 2005. Phase I is a part converted period building and part modular construction, the later adjoining the modular build Phase II. It is located in Birmingham city centre, directly opposite Aston University's Lecture Halls. Held on two leases expiring in June 2128 and June 2029. Part of the sub-basement is let to BT PLC on a lease with approximately 16 years unexpired.		43,760,000		43,760,000
8.1	Leicester, Filbert Village	A 664 ensuite bedspace scheme located 1 mile from Leicester University and 1.1 miles from the City Centre campus of De Montfort University. The property is located to the south of the City Centre.	29,060,000			29,060,000
8.2	Leicester, Newarke Point	A 658 ensuite bedspace scheme located on the De Montfort University campus. There is a 25 year nomination agreement in place to De Montfort University over a minimum of 300 rooms from August 2002. There is a mutual break option in year 15.	35,420,000			35,420,000

Reference Number	Property	Brief Description	Freehold / Feuhold / Heritable £	*Long Leasehold £	Freehold / Long Leasehold £	Market Value (£)
8.3	Leicester, St Martins House.	A 148 ensuite bedspace scheme completed in 2003. It is located in the historic part of Leicester city centre, a few minutes' walk from the retail core and De Montfort University and 0.5 miles from the University of Leicester. Held on a lease expiring in April 3001.		8,290,000		8,290,000
8.4	Leicester, The Grange	A 220 ensuite bedspace scheme that opened in 2003 with ground floor commercial space. It is located adjacent to De Montfort University between the University and the city centre. The property is subject to a short term nominations agreement with the University of Leicester.	11,930,000			11,930,000
9.1	Liverpool, Apollo Court	A 221 ensuite bedspace scheme which was completed in 2003. The property is located opposite the precinct of the Metropolitan Cathedral and close to the faculty buildings of Liverpool University. It is also approximately 1 mile from the city centre. The property is subject to a short term nominations agreement to Liverpool John Moores University. Held on a lease expiring in November 2029.		10,130,000		10,130,000
9.2	Liverpool, Capital Gate	The property provides 430 ensuite bedspaces and was completed in 2004. It is located to the north east of the city centre with Liverpool John Moores University, Liverpool University and the Hospital all within easy walking distance. The ground floor is let to Dominos Pizza. Held on a lease expiring in September 2153.		21,070,000		21,070,000

Reference Number	Property	Brief Description	Freehold / Feuhold / Heritable £	*Long Leasehold £	Freehold / Long Leasehold £	Market Value (£)
9.3	Liverpool, Grand Central	A 1,210 en-suite bedspace scheme that opened in 2004. It is located next to Liverpool Lime Street Station in the city centre. The property is adjacent to the University of Liverpool. Part of the vacant commercial space is being converted to student accommodation and will provide an additional 26 bedrooms on completion in June 2013. The commercial space is part let to Spar, part let to Riley's Clubs and part vacant. 600 beds are subject to a short term nominations agreement to Liverpool John Moores University.	64,825,000			64,825,000
9.4	Liverpool, Larch House	A 104 bedspace scheme constructed in the 1970s. 99 of the rooms are non-ensuite and the remaining beds are one bedroom flats. The property forms part of The UNITE Student Village and is located 0.4 miles from the University of Liverpool. Liverpool John Moores University is located to north of the city centre and the subject property. Held on a lease expiring in August 2074.		4,290,000		4,290,000
10.1	Loughborough, The Holt	A 261 ensuite bedspace scheme in close proximity to the main campus of the University of Loughborough. The property opened in 2004. The entire property is subject to a nomination agreement to the University of Loughborough for 2012/2013 but will be direct let for 2013/2014. Held on a lease expiring in August 2103.		13,560,000		13,560,000
11.1	Nottingham, Riverside Point	A 484 bedspace scheme that was completed in 2006. The property is located between the principal campus of University of Nottingham, (approximately 0.2 miles) and the University's smaller Jubilee Campus. The property is located adjacent to Derby Road which is the arterial road serving the City Centre and the University of Nottingham.	24,720,000			24,720,000

Reference Number	Property	Brief Description	Freehold / Feuhold / Heritable £	*Long Leasehold £	Freehold / Long Leasehold £	Market Value (£)
11.2	Nottingham, St Peters	An 808 bedspace scheme completed in two phases in 2002 and 2005. 25 car parking spaces are included. It is located within a 10-minute walk of the Jubilee Campus of Nottingham University and on a bus route to the city centre.	37,440,000			37,440,000
12.1	Bristol, Blenheim Court	A 231 ensuite bedspace scheme that was completed in 2005. It is situated 0.15 miles from the main shopping area and the city centre. The property is subject to a nomination agreement with the University of Bristol. The ground floor retail unit is let to Tesco for just under 15 years from completion of the property in 2005.	16,470,000			16,470,000
12.2	Bristol, Cherry Court	A 176 ensuite bedspace scheme that was completed in September 2004. It is situated in a city centre location just off St James Barton roundabout and the inner ring road. There are 176 ensuite bedspaces over ground and six upper floors. It is within a short walk of the University of Bristol's city centre campuses and within 5 miles of the University of the West of England's main campus at Frenchay.	11,410,000			11,410,000
12.3	Bristol, Favell House	A 234 bedspace scheme which was converted to student accommodation in 1997. The property is located in the city centre in close proximity to the retail centre and the city's leisure offer. It is approximately 0.5 miles from the University of Bristol.	14,240,000			14,240,000
12.4	Bristol, Phoenix Court	A 277 ensuite bedspace scheme which was completed in 2007. The property includes 85 double and 4 single bed self-contained studios. It is located immediately opposite the Broadmead Shopping Centre in Bristol city centre. Part of the property is held on a lease expiring in December 2131.			24,260,000	24,260,000

Reference Number	Property	Brief Description	Freehold / Feuhold / Heritable £	*Long Leasehold £	Freehold / Long Leasehold £	Market Value (£)
12.5	Bristol, The Rackhay	A 115 bedspace scheme which was converted to student accommodation in 1995 and refurbished in 2008. The property is located in the city centre in close proximity to the retail centre and the city's leisure offer.	6,885,000			6,885,000
13.1	Plymouth, Central Point	The scheme consists of a converted office building above retail property (not owned by UNITE) providing 235 ensuite bedspaces. The property opened in 2002 and is located in the heart of the city centre on the edge of the retail core area. The property includes some first floor office space. The property was subject to a comprehensive refurbishment during summer 2012 and 11 new bedspaces were added. Held on a lease expiring in June 2124.		16,180,000		16,180,000
13.2	Plymouth, Discovery House	The property was completed in 2004 and provides 281 ensuite bedspaces and three retail units of 990 sq ft, 3,229 sq ft and 9,321 sq ft. It is located on the inner ring road just north of the pedestrian part of the city centre, opposite the University of Plymouth's campus.	18,840,000			18,840,000
13.3	Plymouth, St Teresa House	A 112 bedspace scheme that was converted to student accommodation in 2000. The property is occupied under a nominations agreement with Plymouth University for the current academic year, which is approximately 0.3 miles to the north west.	5,710,000			5,710,000
13.4	Plymouth, St Thomas	The property was completed in 2004 and provides 237 ensuite bedspaces. It is located immediately to the east of the city centre on the A374 Exeter Road. The property is occupied under a nominations agreement with Plymouth University for the current academic year, which is approximately 0.3 miles to the north west.	12,710,000			12,710,000

Reference Number	Property	Brief Description	Freehold / Feuhold / Heritable £	*Long Leasehold £	Freehold / Long Leasehold £	Market Value (£)
14.1	Exeter, Northfields	A 190 bedspace scheme which was completed in 2008. It is situated opposite one of the entrances to the University of Exeter's main campus. The property is subject to a Nominations Agreement with Exeter University for the current academic year but will be direct let for the 2013/2014 academic year.	14,700,000			14,700,000
15.1	Reading, Crown House	The property provides 99 bedspaces within a mix of studios and cluster flats. It was converted to student accommodation use in 2008. The property is located between Reading town centre and Reading University, which is approximately 0.3 miles to the east.	10,690,000			10,690,000
		Total	603,535,000	135,330,000	60,815,000	799,680,000
		Portfolio Total Say				800,000,000
* More than 50 years unexpired.						

Scope of Work & Sources of Information

Sources of Information

We have carried out our work based upon information supplied to us by:

- UNITE – Property details on all of the individual schemes including numbers and breakdown of room types / accommodation, current rents for academic year 2012/13 and proposed rents for 2013/14, sources of ancillary income, occupancy data, operating costs and details of any commercial lettings at the properties;
- Clifford Chance LLP – Property Overview Report in respect of the properties located in England;
- Nabarro LLP – Draft Materiality Report and Draft Certificates of Title in respect of Larch House Liverpool, Blenheim Court Bristol, Londonderry House Birmingham, Sunlight apartments London, Kirby Street London, St Martin's House Leicester, Filbert Village, Blithehale Court London, Favell House Bristol, The Rackhat Bristol, Newarke Point Leicester and Pacific Court London;
- Walker Morris LLP - Draft Materiality Report and Draft Certificates of Title in respect of Cherry Court Bristol, Firth Point Huddersfield, The Heights Birmingham, The Tannery Leeds, Apollo Court Liverpool, Capital Gate Liverpool, Grand Central Liverpool, Exchange Works Sheffield, St Peter's Nottingham, The Grange Leicester, The Holt Loughborough, Central Point Plymouth, Discovery Heights Plymouth, St Thomas Court Plymouth, The Anvil Sheffield, St Teresa Court Plymouth, Snow Island Huddersfield, Riverside Point Nottingham, Phoenix Court Bristol and The Plaza Leeds;
- Dundas & Wilson CS LLP - Draft Materiality Report and Draft Certificates of Title in respect of Crown House Reading and Northfields Exeter, Blackfriars Aberdeen, Buchanan View Glasgow, King Street Exchange Aberdeen, Spring Gardens Aberdeen and The Old Fire Station Aberdeen;
- Tods Murray LLP – Draft Overview Report in respect of the Scottish properties;
- BWB Consulting – Environmental Review; and
- Jones Lang LaSalle – Summary Building Survey Reports;

as set out within this report, which we have assumed to be correct and comprehensive.

The Properties

Our report contains a brief summary of the property details on which our valuation has been based.

Inspections

We have undertaken internal and external inspections of all of the properties.

Areas

For the student accommodation we have inspected and measured at least one example of each room type. This is in addition to inspecting any show flats. We have also inspected any common rooms or other communal facilities. We have measured any commercial units in accordance with the RICS Code of Measuring Practice.

Environmental Matters

We have been provided with a copy of an environmental report prepared by BWB Consulting.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

We have reviewed summary Building Survey Reports prepared by Jones Lang LaSalle and raised material issues with UNITE.

Town Planning

We have made planning enquiries by way of information available on the local authorities' websites together with information available from the solicitors' draft reports. Where appropriate we have requested further information from UNITE.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which they are subject are as supplied to us by UNITE and the solicitors. We have been provided with draft Certificates of Title, Materiality Reports and Overview Reports in respect of all the individual property assets. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

Investment Properties

The properties are held as investments and in the main let on short term tenancy arrangements as student accommodation. As such it is not appropriate to review all the individual letting agreements and comment on the individual tenants. We have assumed that the students are able to fulfil their obligation to pay rent.

Property Details

We have assumed that all fire / environmental regulations and other appropriate legislation affecting the properties and occupation have been complied with such that there is no effect on their value, marketability or lettability of the properties.

We have agreed with Lloyds TSB Bank plc and HSBC Bank plc that commentary on the energy efficiency of the buildings and their EPC and BREEAM ratings is not required. We will assume that the building have satisfactory ratings in this respect commensurate with their age and construction.

We understand that the Banks have instructed others to provide advice in respect of environmental considerations and historic land uses. As stated below, we have assumed the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law.

Valuation Assumptions

Capital Values

Each valuation has been prepared on the basis of "Market Value", which is defined as:

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

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent.

The Properties

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

- (a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;
- (b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.
- (c) the properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive.

High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the property. Our valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

- (a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;
- (b) the Properties are free from rot, infestation, structural or latent defect;
- (c) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and
- (d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Planning and Lettings

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- (c) the Properties are not adversely affected by town planning or road proposals;
- (d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

- (e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the Disability Discrimination Act 1995;
- (f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
- (g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- (h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- (i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- (j) where more than 50% of the floorspace of a property is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;
- (k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and
- (l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Switchboard 020 7182 2000
Fax No 020 7182 2273
Direct Line 020 7182 2897
Nick.knight@cbre.com

Your Ref USAF

18 April 2013

Lloyds TSB
Major Corporate Real Estate Ground Floor
10 Gresham Street
London
EC2V 7EA

HSBC Bank Plc
Midlands Corporate Banking Centre
4th Floor
120 Edmund Street
Birmingham
B3 2QZ

For the attention of Donna Aimufua and Andy
Boyd

Lloyds TSB Bank plc as Arranger, the Original RCF Provider and the RCF Agent, HSBC Bank plc as Arranger, the Original Liquidity Facility Provider, Capita Trust Company Limited as the Obligor Security Trustee, the Issuer Security Trustee and the Note Trustee in their capacities as agents and/or trustees and together each of their successors, transferees and assignees or any other person who becomes an RCF Facility Agent, a Liquidity Facility Provider, or agent and/or trustee for any or more lenders or other beneficiaries of any security granted in connection with the Transaction (together the **Beneficiaries** and each a **Beneficiary**)

PROJECT PINOT - USAF FINANCE LTD

Further to your recent discussions with Jane Asquith we can confirm that CBRE has been the external valuer to USAF since 2007 providing independent advice. The valuations are provided on a quarterly basis. Jane has signed the USAF reports since December 2010 and James Trant has been the second signatory since September 2012. As part of the reporting process we attend USAF Advisory Committee Meetings on a regular basis to present to the USAF investors with an overview of the property market and the student accommodation market.

For the purposes of advising on the refinance bond valuation we are proposing that the valuations be reviewed by a different signatory to that of the Fund. Michael Brodtman, Head of Valuation and Jo Winchester, Head of Student Housing are both able to undertake a review of the valuation. We can confirm that Jo Winchester has not to date been a signatory for the USAF valuation.

Insofar as the valuations are concerned we are accredited under the Quality Standard ISO 9001 to ensure that all of our work is carried out in a disciplined and rigorous manner. We have registers and forms for every area of our work, and strict audit processes which also identify any conflicts of interest. All of our files are open to inspection by clients and their auditors to ensure that the highest standards are consistently applied and our procedures are externally audited every six months. We check for conflicts of

interest at property and company level, and, if necessary, resolve them prior to accepting an instruction. We follow RICS procedures and should a perceived conflict arise we contact clients and get their agreement to a basis upon which we may proceed (e.g. Chinese Walls).

In addition, as part of our internal audit process CBRE has policies for valuation work which are set out in our Practice Area Guidelines (latest edition October 2012) whereby valuations may be approved by a Senior or Executive Director who has not been previously involved in the instruction.

All information held by the Valuation & Advisory team in respect of fund valuations and potential purchases or sales is treated in confidence and it not shared with other service lines. The Valuation team are physically separate from other teams with appropriate secure information barriers, conflict management policies, and confidentiality requirements and separate and secure IT systems which are password protected.

Whilst CBRE Ltd does provide valuation advice in respect of USAF to The UNITE Group plc we confirm, for the purposes of this instruction, that we are not conflicted.

We hope the above is sufficient for your purposes but if you do require any further information please do contact us.

Yours sincerely



NICK KNIGHT
EXECUTIVE DIRECTOR – VALUATION & ADVISORY SERVICES



GERALDINE MASH
HEAD OF COMPLIANCE

Appendix 2

Financial Statements

- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF Holdings Limited (Obligor HoldCo)
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF No.1 Limited Partnership
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF No.10 Limited Partnership
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of Filbert Village Student Accommodation, L.P.
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF GP No.1 Limited
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF GP No.10 Limited
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of Filbert Village GP Limited
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF Management Limited
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF Management 10 Limited

Financial accounts in respect of the following entities have been included in this Appendix 2 solely for reference to information set out in the section of the Prospectus entitled "*Unaudited Pro Forma Financial Information*" and not because they are Obligor:

- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF No. 4 Limited Partnership
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF GP No. 4 Limited
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF No. 5 Limited Partnership
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of USAF GP No. 5 Limited
- Audited financial statements for the years ended 31 December 2011 and 31 December 2012 of Filbert Village Student Accommodation Unit Trust

Company Registration No. 05870107 (England and Wales)

USAF HOLDINGS LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

USAF HOLDINGS LTD

COMPANY INFORMATION

Directors	M C Allan J J Lister A D Reid N Richards (Appointed 9 April 2012)
Secretary	A D Reid
Company number	05870107
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF HOLDINGS LTD

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

USAF HOLDINGS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011.

Principal activities

The principal activity of the company is that of a holding company. The directors declared and paid a final dividend of £47,850 (2010: £47,400).

The company registration number is 05870107.

Directors

The following directors have held office since 1 January 2011:

M C Allan	
M P Bennett	(Resigned 1 March 2012)
J J Lister	
A D Reid	
J Granger	(Resigned 26 September 2011)
N Richards	(Appointed 9 April 2012)

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

USAF HOLDINGS LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

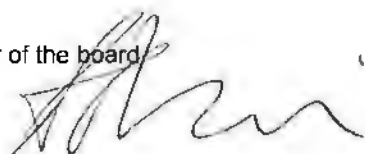
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



A D Reid
Secretary

21 September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USAF HOLDINGS LTD

We have audited the financial statements of USAF Holdings Ltd for the year ended 31 December 2011 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

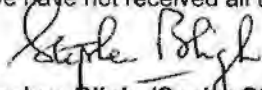
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Stephen Bligh (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

21 September 2012

15 Canada Square
LONDON
E14 5GL

USAF HOLDINGS LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover		-	-
Cost of sales		-	-
Operating result	2	-	-
Investment income	3	47,850	47,400
Profit on ordinary activities before taxation		47,850	47,400
Tax on profit on ordinary activities	4	-	-
Profit for the year		47,850	47,400

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no material difference between the result as disclosed in the profit and loss account and the result given by the unmodified historical cost basis.

USAF HOLDINGS LTD

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Investments	6		11		11
Current assets					
Debtors	7	1		1	
Creditors: amounts falling due within one year	8	(11)		(11)	
Net current liabilities			(10)		(10)
Net assets			1		1
Capital and reserves					
Called up share capital	9		1		1
Shareholders' funds - equity interests	10		1		1

The financial statements were approved by the Board on 21 September 2012
and were signed on its behalf by



N Richards
Director

USAF HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group accounts.

2 Operating result

Auditor's remuneration of £400 (2010: £650) was borne by another group company

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE Group plc are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

3 Investment income	2011 £	2010 £
Income from shares in group undertakings	<u>47,850</u>	<u>47,400</u>

USAF HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

4	Taxation	2011	2010
		£	£
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	47,850	47,400
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.25% (2010 - 21.00%)	9,690	9,954
	Effects of:		
	Group income not taxable	(9,690)	(9,954)
		(9,690)	(9,954)
	Current tax charge	-	-
5	Dividends	2011	2010
		£	£
	Ordinary final paid	47,850	47,400

USAF HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

6 Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 2011 & at 31 December 2011	11
Net book value	
At 31 December 2011	11
At 31 December 2010	11

The Company holds the following investments:

	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
USAF GP No 1 Limited	England and Wales	Ordinary	100.00
USAF GP No 4 Limited	England and Wales	Ordinary	100.00
USAF GP No 5 Limited	England and Wales	Ordinary	100.00
USAF Nominee No 1 Limited	England and Wales	Ordinary	100.00
USAF Nominee No 1A Limited	England and Wales	Ordinary	100.00
USAF Nominee No 4 Limited	England and Wales	Ordinary	100.00
USAF Nominee No 4A Limited	England and Wales	Ordinary	100.00
USAF Nominee No 5 Limited	England and Wales	Ordinary	100.00
USAF Nominee No 5A Limited	England and Wales	Ordinary	100.00
USAF RCC Limited	England and Wales	Ordinary	100.00
USAF Finance Limited	England and Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2011 £	Profit/(loss) for the year 2011 £
	Principal activity		
USAF GP No 1 Limited	General Partner	1	15,950
USAF GP No 4 Limited	General Partner	1	15,950
USAF GP No 5 Limited	General Partner	1	15,950
USAF Nominee No 1 Limited	Trustee company	1	-
USAF Nominee No 1A Limited	Trustee company	1	-
USAF Nominee No 4 Limited	Trustee company	1	-
USAF Nominee No 4A Limited	Trustee company	1	-
USAF Nominee No 5 Limited	Trustee company	1	-
USAF Nominee No 5A Limited	Trustee company	1	-
USAF RCC Limited	Trustee company	1	-
USAF Finance Limited	Intra group funding	1,151	1,257

USAF HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

7 Debtors	2011	2010
	£	£
Amounts owed by group undertakings	<u>1</u>	<u>1</u>
8 Creditors: amounts falling due within one year	2011	2010
	£	£
Amounts owed to group undertakings	<u>11</u>	<u>11</u>
9 Share capital	2011	2010
	£	£
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
10 Reconciliation of movements in shareholders' funds	2011	2010
	£	£
Profit for the financial year	47,850	47,400
Dividends	(47,850)	(47,400)
Net movement in shareholders' funds	-	-
Opening shareholders' funds	<u>1</u>	<u>1</u>
Closing shareholders' funds	<u>1</u>	<u>1</u>
11 Contingent liabilities		
The company had no contingent liabilities at 31 December 2011 (31 December 2010: £nil).		
12 Capital commitments		
The company had no capital commitments at 31 December 2011 (31 December 2010: £nil).		
13 Employees		
There were no employees in either year.		

USAF HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

14 Control

The company is wholly owned by the UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

15 Related party transactions

As the company is a wholly owned subsidiary of The UNITE UK Student Accommodation Fund, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

Company Registration No. 05870107 (England and Wales)

USAF HOLDINGS LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

USAF HOLDINGS LTD

COMPANY INFORMATION

Directors

M C Allan
J J Lister
C R Szpojnarowicz (Appointed 16 April 2013)
N Richards

Secretary

C R Szpojnarowicz

Company number

05870107

Registered office

The Core
40 St Thomas Street
BRISTOL
BS1 6JX

Auditor

KPMG Audit Plc
15 Canada Square
LONDON
E14 5GL

Business address

The Core
40 St Thomas Street
BRISTOL
BS1 6JX

USAF HOLDINGS LTD

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

USAF HOLDINGS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012.

Principal activities

The principal activity of the company is that of a holding company. The directors declared and paid a final dividend of £48,000 (2011: £47,850).

The company registration number is 05870107.

Directors

The following directors have held office since 1 January 2012:

M C Allan

J J Lister

A D Reid

(Resigned 16 April 2013)

C R Szpojnarowicz

(Appointed 16 April 2013)

N Richards

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

USAF HOLDINGS LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



G R Szpojnarowicz

Secretary

7 May 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USAF HOLDINGS LTD

We have audited the financial statements of USAF Holdings Ltd for the year ended 31 December 2012 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

7 May 2013

15 Canada Square
LONDON
E14 5GL

USAF HOLDINGS LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Notes	£	£
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Operating result	2	-	-
Investment income	3	48,000	47,850
		<hr/>	<hr/>
Profit on ordinary activities before taxation		48,000	47,850
Tax on profit on ordinary activities	4	-	-
		<hr/>	<hr/>
Profit for the year		<u>48,000</u>	<u>47,850</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no material difference between the result as disclosed in the profit and loss account and the result given by the unmodified historical cost basis.

USAF HOLDINGS LTD

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Investments	6		11		11
Current assets					
Debtors	7	1		1	
Creditors: amounts falling due within one year	8	<u>(11)</u>		<u>(11)</u>	
Net current liabilities			<u>(10)</u>		<u>(10)</u>
Net assets			<u>1</u>		<u>1</u>
Capital and reserves					
Called up share capital	9		<u>1</u>		<u>1</u>
Shareholders' funds - equity interests	10		<u>1</u>		<u>1</u>

The financial statements were approved by the Board on 7 May 2013 and were signed on its behalf by



N Richards
Director

USAF HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group accounts.

2 Operating result

Auditor's remuneration of £400 (2011: £400) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE Group plc are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

3 Investment income	2012	2011
	£	£
Income from shares in group undertakings	<u>48,000</u>	<u>47,850</u>

USAF HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

4	Taxation	2012 £	2011 £
	Current tax charge	<u>-</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>48,000</u>	<u>47,850</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 20.25%)	<u>9,600</u>	<u>9,690</u>
	Effects of:		
	Group income not taxable	<u>(9,600)</u>	<u>(9,690)</u>
		<u>(9,600)</u>	<u>(9,690)</u>
	Current tax charge	<u>-</u>	<u>-</u>
5	Dividends	2012 £	2011 £
	Ordinary final paid	<u>48,000</u>	<u>47,850</u>

USAF HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

6 Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 2012 & at 31 December 2012	11
Net book value	
At 31 December 2012	11
At 31 December 2011	11

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
USAF GP No 1 Limited	England and Wales	Ordinary	100.00
USAF GP No 4 Limited	England and Wales	Ordinary	100.00
USAF GP No 5 Limited	England and Wales	Ordinary	100.00
USAF Nominee No 1 Limited	England and Wales	Ordinary	100.00
USAF Nominee No 1A Limited	England and Wales	Ordinary	100.00
USAF Nominee No 4 Limited	England and Wales	Ordinary	100.00
USAF Nominee No 4A Limited	England and Wales	Ordinary	100.00
USAF Nominee No 5 Limited	England and Wales	Ordinary	100.00
USAF Nominee No 5A Limited	England and Wales	Ordinary	100.00
USAF RCC Limited	England and Wales	Ordinary	100.00
USAF Finance Limited	England and Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2012 £	Profit/(loss) for the year 2012 £
	Principal activity		
USAF GP No 1 Limited	General Partner	1	16,000
USAF GP No 4 Limited	General Partner	1	16,000
USAF GP No 5 Limited	General Partner	1	16,000
USAF Nominee No 1 Limited	Trustee company	1	-
USAF Nominee No 1A Limited	Trustee company	1	-
USAF Nominee No 4 Limited	Trustee company	1	-
USAF Nominee No 4A Limited	Trustee company	1	-
USAF Nominee No 5 Limited	Trustee company	1	-
USAF Nominee No 5A Limited	Trustee company	1	-
USAF RCC Limited	Trustee company	1	-
USAF Finance Limited	Intra group funding	2,430	1,279

USAF HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

7 Debtors	2012	2011
	£	£
Amounts owed by group undertakings	<u>1</u>	<u>1</u>
8 Creditors: amounts falling due within one year	2012	2011
	£	£
Amounts owed to group undertakings	<u>11</u>	<u>11</u>
9 Share capital	2012	2011
	£	£
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
10 Reconciliation of movements in shareholders' funds	2012	2011
	£	£
Profit for the financial year	48,000	47,850
Dividends	(48,000)	(47,850)
	<u>-</u>	<u>-</u>
Net movement in shareholders' funds	-	-
Opening shareholders' funds	<u>1</u>	<u>1</u>
Closing shareholders' funds	<u>1</u>	<u>1</u>

11 Contingent liabilities

The company had no contingent liabilities at 31 December 2012 (31 December 2011: £nil).

12 Capital commitments

The company had no capital commitments at 31 December 2012 (31 December 2011: £nil).

13 Employees

There were no employees in either year.

USAF HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

14 Control

The company is wholly owned by the UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

15 Related party transactions

As the company is a wholly owned subsidiary of The UNITE UK Student Accommodation Fund, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

USAF No. 1 Limited Partnership

Partners' report and financial statements

Registered number LP011470

Year ended 31 December 2011

Contents

Report of the General Partner	1
Statement of General Partner's responsibilities	2
Independent auditor's report to the Partners of USAF No.1 Limited Partnership	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Balance sheet	6
Cash flow statement	7
Notes	8

Report of the General Partner

USAF GP No.1 Limited ('the General Partner') presents the audited financial statements for USAF No. 1 Limited Partnership ('the Partnership') for the year ended 31 December 2011.

Principal activity, results and income distributions

The principal activity of the partnership during the year was the management and holding of student accommodation for investment purposes. The results for the year are shown on page 4. Income distributions of £12,174,000 were made during the year (year ended 31 December 2010: £13,966,000).

The Partnership

The Partnership was established on 18 July 2006 and was registered as a Limited Partnership under the Limited Partnership Act 1907 on 21 July 2006.

Designated partners

The designated partners during the year were as follows:

USAF LP Limited (Limited Partner)

USAF GP No.1 Limited (General Partner)

UNITE UK Student Accommodation Fund (Limited Partner)

UNITE Discretionary Trust (Limited Partner)

Partners' capital and profit shares

The partners interests in the partnership and their profit sharing arrangement at the end of the year was as follows:

USAF LP Limited	9.99 %
UNITE UK Student Accommodation Fund	89.97%
UNITE Discretionary Trust	0.04%

Disclosure of information to auditor

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditor is unaware; and the General Partner has taken all the steps that they ought to have taken as General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

Auditor

KPMG Audit Plc will be proposed for re-appointment.

Approved by

AD Reid
Director

For and on behalf of USAF GP No.1 Limited

5 October 2012

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of USAF No. 1 Limited Partnership

We have audited the financial statements of USAF No.1 Limited Partnership for the year ended 31 December 2011 set out on pages 4 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partners' Responsibilities Statement set out on page 2, the partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Bligh (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

5 October 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	<i>2</i>	31,152	29,728
Reversal of impairment of tangible fixed assets	<i>6</i>	5,084	15,407
Other operating charges		(337)	(417)
		<hr/>	<hr/>
Operating profit	<i>3</i>	35,899	44,718
Interest receivable and similar income	<i>4</i>	50	44
Finance costs: Interest payable and similar charges	<i>5</i>	(13,960)	(13,942)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		21,989	30,820
Taxation		-	-
		<hr/>	<hr/>
Profit for the financial year (before income distributions)		21,989	30,820
Income distributions		(12,174)	(13,966)
		<hr/>	<hr/>
Transfer to Partner's Income accounts	<i>10</i>	9,815	16,854
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There is no difference between the result for the year as stated above and its historical cost equivalent.

Statement of total recognised gains and losses
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Net profit attributable to partners		9,815	16,854
Unrealised surplus on revaluation of investment properties	6	8,430	16,336
Total recognised gains and losses relating to the year		18,245	33,190

Balance sheet
at 31 December 2011

	<i>Note</i>	31 December 2011		31 December 2010	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	6		530,684		513,487
Current assets					
Debtors	7	169		48	
Cash at bank and in hand		6,249		7,535	
		6,418		7,583	
Creditors: amounts falling due within one year	8	(33,123)		(35,836)	
Net current liabilities			(26,705)		(28,253)
		503,979		485,234	
Creditors: amounts falling due after one year	9	(389,495)		(388,995)	
Net assets attributable to partners	10		114,484		96,239
<i>Represented by:</i>					
Partners' accounts classified as liabilities under FRS 25					
Partners' capital contribution accounts	10		789		789
Partners' income accounts	10		(26,221)		(36,036)
Partners' revaluation accounts	10		49,911		41,481
Partners' loan accounts	10		90,005		90,005
Loans and other debts due to partners	10		114,484		96,239

These financial statements were approved by the partners on 5 October 2012 and were signed on their behalf by:

.....

AD Reid : on behalf of the General Partner – USAF GP No. 1 Ltd

Cash flow statement
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Net cash inflow from operating activities	<i>11</i>	27,981	32,822
Returns on investments and servicing of finance	<i>12</i>	(13,410)	(13,411)
Capital expenditure	<i>12</i>	(3,683)	(4,231)
Distributions paid	<i>12</i>	(12,174)	(13,966)
		<hr/>	<hr/>
(Decrease)/increase in cash in the year		(1,286)	1,214
Cash at start of the year		7,535	6,321
		<hr/>	<hr/>
Cash at end of the year		6,249	7,535
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation of net cash flow to movement in net debt

	<i>Note</i>	2011 £000	2010 £000
(Decrease)/increase in cash in the year		(1,286)	1,214
Other non cash movements		(500)	(487)
		<hr/>	<hr/>
Movement in net debt in the year	<i>13</i>	(1,786)	727
Net debt at the start of the year	<i>13</i>	(471,465)	(472,192)
		<hr/>	<hr/>
Net debt at the end of the year	<i>13</i>	(473,251)	(471,465)
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Partnership's financial statements.

Basis of preparation

Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Parts XV and XVI of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice as required by the Limited Partnership Deed dated 18 July 2006.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the partners, and their historical cost equivalents.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £26,705,000 which the partners believe to be appropriate for the following reasons. The partnership is dependent for its working capital on funds provided to it by The UNITE UK Student Accommodation Fund. A subsidiary undertaking of The UNITE UK Student Accommodation Fund has provided the partnership with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the partnership. This should enable the partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any partnership placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The UNITE UK Student Accommodation Fund is the partner with the majority interest in the partnership. After the third anniversary after the initial closing each unitholder may request the fund to redeem all or a portion of its units on a semi annual basis. The redemption requests will be effective as of the first calendar half year. To the extent the trust manager is unable to satisfy redemption requests units will be redeemed as liquid assets become available. The trust manager will have the discretion to the extent to which liquid assets can be made available. The trust will not be obliged to sell properties to satisfy redemption requests during the primary period.

Based on this understanding the partners believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

1 Accounting policies (continued)

Tangible fixed assets and depreciation

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount; and
- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

This treatment, as regards the Partnership's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement.

Taxation

The taxation payable on the profits of the partnership is the personal liability of the partners during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements.

Borrowings

Interest bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the term of the borrowings at a constant rate on the carrying amount.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Distribution policy

Income produced by the partnership is distributed to the Limited Partners to the extent that partnership income exceeds expenses excluding capital items. Capital distributions arising from capital receipts including refinancing gains are applied firstly in repayment of Limited Partners' loans, thereafter repaying Limited Partners capital.

2 Turnover

Turnover of the partnership for the year has been derived from its principal activity undertaken wholly in the United Kingdom.

Notes (continued)

3 Operating profit

	2011 £000	2010 £000
<i>Operating profit is stated after crediting:</i>		
Reversal of impairment of fixed assets	5,084	15,407
Rental income received under operating leases	31,152	29,728
	<u> </u>	<u> </u>

Auditor's remuneration of £800 (year ended 31 December 2010: £1,200) was borne by another group entity.

Fees paid to the partnership's auditor, KPMG Audit Plc and its associates for services other than the statutory audit of the partnership are not disclosed in the partnership accounts since the consolidated accounts of the major limited partner, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

4 Interest receivable and similar income

	2011 £000	2010 £000
On bank accounts	50	44
	<u> </u>	<u> </u>

5 Finance costs: Interest payable and similar charges

	2011 £000	2010 £000
Interest on intragroup loans	13,460	13,445
Amortisation of refinance costs	500	497
	<u> </u>	<u> </u>
	<u>13,960</u>	<u>13,942</u>

Notes (continued)

6 Tangible fixed assets

	Investment properties £000
<i>Cost or valuation</i>	
At beginning of year	513,487
Additions	3,683
Reversal of previous impairment	5,084
Revaluation in year	8,430
	<hr/>
At end of year	530,684
	<hr/>

The investment properties were valued as at 31 December 2011, on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by CB Richard Ellis Ltd, Chartered Surveyors as external valuers.

The historical cost of the properties at 31 December 2011 was £506,902,000 (31 December 2010: £503,219,000).

Included within the above are properties valued at £138,570,000 (31 December 2010: £135,454,000) which are leasehold. The remaining properties are freehold.

7 Debtors

	2011 £000	2010 £000
Capital due from partners	8	8
Other debtors	161	40
	<hr/>	<hr/>
	169	48
	<hr/>	<hr/>

All debtors are due within one year.

8 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to group undertakings	24,508	25,710
Amounts owed to related party undertakings	7,133	7,005
Accruals and deferred income	1,482	3,121
	<hr/>	<hr/>
	33,123	35,836
	<hr/>	<hr/>

Notes (continued)

9 Creditors: amounts falling due after one year

	2011 £000	2010 £000
Amounts owed to group undertakings	121,684	121,684
Amounts owed to related undertakings	13,520	13,520
Intragroup loans	255,398	255,398
Less: unamortised refinance costs	(1,107)	(1,607)
	<u>389,495</u>	<u>388,995</u>
Loan maturity analysis	2011 £000	2010 £000
In two to five years	254,291	253,791
In more than five years	135,204	135,204
	<u>389,495</u>	<u>388,995</u>

The intra group loan is divided into 2 classes as follows:

£225,753,000: 5.26% per annum, £29,645,000: 5.3408% per annum

The intra group loans are disclosed net of unamortised issue costs of £1,107,000 (31 December 2010: £1,607,000) and will be repaid by March 2014, unless previously redeemed at the option of the UNITE UK Student Accommodation Fund. Interest is payable quarterly in arrears at the fixed rates stated above. The intra group loans are secured over the partnership's investment properties.

Amounts owed to group undertakings and amounts owed to related undertakings totalling £135,204,000 are repayable in full in September 2031 or earlier at the option of the partnership. This facility is interest free.

Notes (continued)

10 Reconciliation of movements in total partners' interests

	Partners' other interests			Loans and other debts due to partners	Total Partners' interest
	Partners' capital £000	Other reserves £000	Total £000	£000	£000
At 1 January 2011	789	5,445	6,234	90,005	96,239
Revaluation in the financial year	-	8,430	8,430	-	8,430
Profit for the financial year	-	9,815	9,815	-	9,815
Partners' interests at 31 December 2011	789	23,690	24,479	90,005	114,484

The loans from partners are interest free and have no fixed repayment date.

11 Reconciliation of operating profit to operating cash flows

	2011 £000	2010 £000
Operating profit	35,899	44,718
(Increase)/decrease in debtors	(121)	12,362
Decrease in creditors	(2,713)	(8,851)
Reversal of impairment of fixed assets	(5,084)	(15,407)
Net cash inflow from operating activities	27,981	32,822

Notes *(continued)*

12 Analysis of cash flows

	2011 £000	2011 £000	2010 £000	2010 £000
Returns on investment and servicing of finance				
Interest received	50		44	
Interest paid	(13,460)		(13,455)	
	<u> </u>	(13,410)	<u> </u>	(13,411)
		<u> </u>		<u> </u>
Capital expenditure				
Purchase of tangible fixed assets	(3,683)		(4,231)	
	<u> </u>	(3,683)	<u> </u>	(4,231)
		<u> </u>		<u> </u>
Distributions paid	(12,174)		(13,966)	
	<u> </u>	(12,174)	<u> </u>	(13,966)
		<u> </u>		<u> </u>

Notes (continued)

13 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non cash movements £000	At end of year £000
Cash at bank	7,535	(1,286)	-	6,249
Partners' loans	(90,005)	-	-	(90,005)
Debt due after one year	(388,995)	-	(500)	(389,495)
Total	(471,465)	(1,286)	(500)	(473,251)

14 Capital commitments

The partnership had no capital commitments at 31 December 2011 (31 December 2010: £nil).

15 Contingent liabilities

The partnership had no contingent liabilities at 31 December 2011 (31 December 2010: £nil).

16 Related party transactions

The partnership had the following discloseable transactions with related parties in accordance with FRS8:

The UNITE Group plc and subsidiary companies:

Property and cash management fees paid to The UNITE Group plc and subsidiary companies £392,000 (31 December 2010: £375,000).

Amounts due to The UNITE Group plc and subsidiary companies:

Amounts owed to related undertakings within one year: £7,133,000 (31 December 2010: £7,005,000)

Amounts owed to related undertakings due after one year £13,520,000 (31 December 2010 £13,520,000)

The UNITE UK Student Accommodation Fund and its subsidiary entities ('USAF'):

Amounts due to USAF: £24,508,000 (31 December 2010: Amounts due from USAF: £25,710,000). These balances arose due to the movement of cash between USAF entities.

Amounts owed to group undertakings due after one year £121,684,000 (31 December 2010 £121,684,000)

Intra group loans owed to group undertakings due after more than one year £255,398,000 (31 December 2010 £255,398,000). Interest of £13,460,000 (31 December 2010 £13,445,000) was paid on these loans.

17 Controlling party

The partnership is controlled by The UNITE UK Student Accommodation Fund as 89.98% partner.

USAF No. 1 Limited Partnership

Partners' report and financial statements

Registered number LP011470

Year ended 31 December 2012

Contents

Report of the General Partner	1
Statement of General Partner's responsibilities	2
Independent auditor's report to the Partners of USAF No.1 Limited Partnership	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Note of historical cost profits and losses	5
Balance sheet	6
Cash flow statement	7
Notes	8

Report of the General Partner

USAF GP No.1 Limited ('the General Partner') presents the audited financial statements for USAF No. 1 Limited Partnership ('the Partnership') for the year ended 31 December 2012.

Principal activity, results and income distributions

The principal activity of the partnership during the year was the management and holding of student accommodation for investment purposes. The results for the year are shown on page 4. Income distributions of £13,353,000 were made during the year (year ended 31 December 2011: £12,174,000).

The Partnership

The Partnership was established on 18 July 2006 and was registered as a Limited Partnership under the Limited Partnership Act 1907 on 21 July 2006.

Designated partners

The designated partners during the year were as follows:

USAF LP Limited (Limited Partner)

USAF GP No.1 Limited (General Partner)

UNITE UK Student Accommodation Fund (Limited Partner)

UNITE Discretionary Trust (Limited Partner)

Partners' capital and profit shares

The partners interests in the partnership and their profit sharing arrangement at the end of the year was as follows:

USAF LP Limited	9.99 %
UNITE UK Student Accommodation Fund	89.97%
UNITE Discretionary Trust	0.04%

Disclosure of information to auditor

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditor is unaware; and the General Partner has taken all the steps that they ought to have taken as General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

Auditor

KPMG Audit Plc will be proposed for re-appointment.

Approved by

NG Richards
Director

For and on behalf of USAF GP No.1 Limited

2013

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of USAF No. 1 Limited Partnership

We have audited the financial statements of USAF No.1 Limited Partnership for the year ended 31 December 2012 set out on pages 4 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partners' Responsibilities Statement set out on page 2, the partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Meredith (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

2013

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	31,284	31,152
(Impairment)/reversal of impairment of tangible fixed assets	6	(1,612)	5,084
Other operating charges		(393)	(337)
Operating profit	3	29,279	35,899
Loss on disposal of fixed assets		(357)	-
Interest receivable and similar income	4	49	50
Finance costs: Interest payable and similar charges	5	(14,118)	(13,960)
Profit on ordinary activities before taxation		14,853	21,989
Taxation		-	-
Profit for the financial year (before income distributions)		14,853	21,989
Income distributions		(13,353)	(12,174)
Transfer to Partner's Income accounts	10	1,500	9,815

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Statement of total recognised gains and losses
for the year ended 31 December 2012

Note

		2012 £000	2011 £000
Net profit attributable to partners		1,500	9,815
Unrealised surplus on revaluation of investment properties	6	14,796	8,430
		<hr/>	<hr/>
Total recognised gains and losses relating to the year		16,296	18,245
		<hr/>	<hr/>

Note of historical cost profits and losses
for the year ended 31 December 2012

		2012 £000	2011 £000
Reported profit on ordinary activities before taxation		1,500	9,815
Realisation of property revaluation gains		218	-
		<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation		1,718	9,815
		<hr/>	<hr/>
Historical cost loss for the year retained after taxation, extraordinary items and distributions		(11,635)	(2,359)
		<hr/>	<hr/>

Balance sheet
at 31 December 2012

	<i>Note</i>	31 December 2012		31 December 2011	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	6		527,156		530,684
Current assets					
Debtors	7	9		169	
Cash at bank and in hand		7,680		6,249	
		7,689		6,418	
Creditors: amounts falling due within one year	8	(14,176)		(33,123)	
Net current liabilities			(6,487)		(26,705)
		520,669		503,979	
Creditors: amounts falling due after one year	9	(389,889)		(389,495)	
Net assets attributable to partners	10		130,780		114,484
<i>Represented by:</i>					
Partners' accounts classified as liabilities under FRS 25					
Partners' capital contribution accounts	10	789		789	
Partners' income accounts	10	(24,503)		(26,221)	
Partners' revaluation accounts	10	64,489		49,911	
Partners' loan accounts	10	90,005		90,005	
Loans and other debts due to partners	10		130,780		114,484

These financial statements were approved by the partners on 2013 and were signed on their behalf by:

.....

NG Richards: on behalf of the General Partner – USAF GP No. 1 Ltd

Cash flow statement
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Net cash inflow from operating activities	11	30,861	27,981
Returns on investments and servicing of finance	12	(13,674)	(13,410)
Capital expenditure	12	16,356	(3,683)
Financing	12	(18,759)	-
Distributions paid	12	(13,353)	(12,174)
		<hr/>	<hr/>
(Decrease)/increase in cash in the year		1,431	(1,286)
Cash at start of the year		6,249	7,535
		<hr/>	<hr/>
Cash at end of the year		7,680	6,249
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation of net cash flow to movement in net debt

	<i>Note</i>	2012 £000	2011 £000
Increase/(decrease) in cash in the year		1,431	(1,286)
Financing		18,759	-
Finance costs		153	-
Other non cash movements		(547)	(500)
		<hr/>	<hr/>
Movement in net debt in the year	13	19,796	(1,786)
Net debt at the start of the year	13	(492,010)	(490,224)
		<hr/>	<hr/>
Net debt at the end of the year	13	(472,214)	(492,010)
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Partnership's financial statements.

Basis of preparation

Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Parts XV and XVI of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice as required by the Limited Partnership Deed dated 18 July 2006.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the partners, and their historical cost equivalents.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £6,487,000 which the partners believe to be appropriate for the following reasons. The partnership is dependent for its working capital on funds provided to it by The UNITE UK Student Accommodation Fund. A subsidiary undertaking of The UNITE UK Student Accommodation Fund has provided the partnership with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the partnership. This should enable the partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any partnership placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The UNITE UK Student Accommodation Fund is the partner with the majority interest in the partnership. After the third anniversary after the initial closing each unitholder may request the fund to redeem all or a portion of its units on a semi annual basis. The redemption requests will be effective as of the first calendar half year. To the extent the trust manager is unable to satisfy redemption requests units will be redeemed as liquid assets become available. The trust manager will have the discretion to the extent to which liquid assets can be made available. The trust will not be obliged to sell properties to satisfy redemption requests during the primary period.

Based on this understanding the partners believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

1 Accounting policies (continued)

Tangible fixed assets and depreciation

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount; and
- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

This treatment, as regards the Partnership's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement.

Taxation

The taxation payable on the profits of the partnership is the personal liability of the partners during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements.

Borrowings

Interest bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the term of the borrowings at a constant rate on the carrying amount.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Distribution policy

Income produced by the partnership is distributed to the Limited Partners to the extent that partnership income exceeds expenses excluding capital items. Capital distributions arising from capital receipts including refinancing gains are applied firstly in repayment of Limited Partners' loans, thereafter repaying Limited Partners capital.

2 Turnover

Turnover of the partnership for the year has been derived from its principal activity undertaken wholly in the United Kingdom.

Notes (continued)

3 Operating profit

	2012 £000	2011 £000
<i>Operating profit is stated after crediting:</i>		
(Impairment)/reversal of impairment of fixed assets	(1,612)	5,084
Rental income received under operating leases	31,284	31,152
	<u> </u>	<u> </u>

Auditor's remuneration of £800 (year ended 31 December 2011: £800) was borne by another group entity.

Fees paid to the partnership's auditor, KPMG Audit Plc and its associates for services other than the statutory audit of the partnership are not disclosed in the partnership accounts since the consolidated accounts of the major limited partner, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

4 Interest receivable and similar income

	2012 £000	2011 £000
On bank accounts	49	50
	<u> </u>	<u> </u>

5 Finance costs: Interest payable and similar charges

	2012 £000	2011 £000
Interest on intragroup loans	13,571	13,460
Amortisation of refinance costs	547	500
	<u> </u>	<u> </u>
	14,118	13,960
	<u> </u>	<u> </u>

Notes (continued)

6 Tangible fixed assets

	Investment properties £000
<i>Valuation</i>	
At beginning of year	530,684
Additions	2,403
Impairment	(1,612)
Revaluation in year	14,796
Disposals	(19,115)
	<hr/>
At end of year	527,156 <hr/>

The investment properties were valued as at 31 December 2012, on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by CB Richard Ellis Ltd, Chartered Surveyors as external valuers.

The historical cost of the properties at 31 December 2012 was £488,681,000 (31 December 2011: £506,902,000).

Included within the above are properties valued at £132,540,000 (31 December 2011: £138,570,000) which are leasehold. The remaining properties are freehold.

7 Debtors

	2012 £000	2011 £000
Capital due from partners	8	8
Other debtors	1	161
	<hr/>	<hr/>
	9	169
	<hr/>	<hr/>

All debtors are due within one year.

8 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to group undertakings	2,184	24,508
Amounts owed to related party undertakings	10,749	7,133
Accruals and deferred income	1,243	1,482
	<hr/>	<hr/>
	14,176	33,123
	<hr/>	<hr/>

Included in amounts due to group undertakings of £2,184,000 (31 December 2011: £24,508,000) is £nil (31 December 2011: £18,759,000) loaned to the partnership to purchase fixed assets. This amount has no fixed repayment date and is interest free.

Notes (continued)

9 Creditors: amounts falling due after one year

	2012 £000	2011 £000
Amounts owed to group undertakings	121,684	121,684
Amounts owed to related undertakings	13,520	13,520
Intragroup loans	255,398	255,398
Less: unamortised refinance costs	(713)	(1,107)
	<u>389,889</u>	<u>389,495</u>
Loan maturity analysis	2012 £000	2011 £000
In one to two years	254,685	-
In two to five years	-	254,291
In more than five years	135,204	135,204
	<u>389,889</u>	<u>389,495</u>

The intra group loan is divided into 2 classes as follows:

£225,753,000: 5.26% per annum, £29,645,000: 5.3408% per annum

The intra group loans are disclosed net of unamortised issue costs of £713,000 (31 December 2011: £1,107,000) and will be repaid by March 2014, unless previously redeemed at the option of the UNITE UK Student Accommodation Fund. Interest is payable quarterly in arrears at the fixed rates stated above. The intra group loans are secured over the partnership's investment properties.

Amounts owed to group undertakings and amounts owed to related undertakings totalling £135,204,000 are repayable in full in September 2031 or earlier at the option of the partnership. This facility is interest free.

Notes (continued)

10 Reconciliation of movements in total partners' interests

	Partners' other interests			Loans and other debts due to partners	Total Partners' interest
	Partners' capital £000	Other reserves £000	Total £000	£000	£000
At 1 January 2012	789	23,690	24,479	90,005	114,484
Revaluation in the financial year	-	14,796	14,796	-	14,796
Profit for the financial year	-	1,500	1,500	-	1,500
Partners' interests at 31 December 2012	789	39,986	40,775	90,005	130,780

The loans from partners are interest free and have no fixed repayment date.

11 Reconciliation of operating profit to operating cash flows

	2012 £000	2011 £000
Operating profit	29,279	35,899
Decrease/(increase) in debtors	168	(121)
Decrease in creditors	(198)	(2,713)
Impairment/(reversal) of impairment of fixed assets	1,612	(5,084)
Net cash inflow from operating activities	30,861	27,981

Notes (continued)

12 Analysis of cash flows

	2012 £000	2012 £000	2011 £000	2011 £000
Returns on investment and servicing of finance				
Interest received	49		50	
Interest paid	(13,723)		(13,460)	
	<u> </u>		<u> </u>	
		(13,674)		(13,410)
		<u> </u>		<u> </u>
Capital expenditure				
Purchase of tangible fixed assets	(2,403)		(3,683)	
Proceeds from sale of tangible fixed asset	18,759		-	
	<u> </u>		<u> </u>	
		16,356		(3,683)
		<u> </u>		<u> </u>
Financing				
Repayment of intercompany creditor with proceeds from sale of tangible fixed assets	(18,759)		-	
	<u> </u>		<u> </u>	
		(18,759)		-
		<u> </u>		<u> </u>
Distributions paid	(13,353)		(12,174)	
	<u> </u>		<u> </u>	
		(13,353)		(12,174)
		<u> </u>		<u> </u>

Notes (continued)

13 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non cash movements £000	At end of year £000
Cash at bank	6,249	1,431	-	7,680
Partners' loans	(90,005)	-	-	(90,005)
Amounts owed to group undertakings (see note 8)	(18,759)	18,759	-	-
Debt due after one year	(389,495)	153	(547)	(389,889)
Total	(492,010)	20,343	(547)	(472,214)

14 Capital commitments

The partnership had no capital commitments at 31 December 2012 (31 December 2011: £nil).

15 Contingent liabilities

The partnership had no contingent liabilities at 31 December 2012 (31 December 2011: £nil).

16 Related party transactions

The partnership had the following discloseable transactions with related parties in accordance with FRS8:

The UNITE Group plc and subsidiary companies:

Property and cash management fees paid to The UNITE Group plc and subsidiary companies £395,000 (31 December 2011: £392,000).

Amounts due to The UNITE Group plc and subsidiary companies:

Amounts owed to related undertakings within one year: £10,749,000 (31 December 2011: £7,133,000)
Amounts owed to related undertakings due after one year £13,520,000 (31 December 2011: £13,520,000)

The UNITE UK Student Accommodation Fund and its subsidiary entities ('USAF'):

Amounts due to USAF: £2,184,000 (31 December 2011: £24,508,000). These balances arose due to the movement of cash between USAF entities.

Amounts owed to group undertakings due after one year £121,684,000 (31 December 2011: £121,684,000)

Intra group loans owed to group undertakings due after more than one year £255,398,000 (31 December 2011: £255,398,000). Interest of £13,571,000 (31 December 2011: £13,460,000) was paid on these loans.

17 Controlling party

The partnership is controlled by The UNITE UK Student Accommodation Fund as 89.98% partner.

USAF No. 10 Limited Partnership

Partners' report and financial statements

Registered number LP013230

Year ended 31 December 2011

Contents

Report of the General Partner	1
Statement of General Partner's responsibilities	2
Independent auditor's report to the members of USAF No.10 Limited Partnership	3
Profit and loss account	5
Statement of total recognised gains and losses	5
Balance sheet	6
Cash flow statement	7
Notes	8

Report of the General Partner

USAF GP No.10 Limited ('the General Partner') presents the audited financial statements for USAF No. 10 Limited Partnership ('the Partnership') for the year ended 31 December 2011.

Principal activity, results and income distributions

The principal activity of the partnership during the year was the management and holding of student accommodation for investment purposes. The results for the year are shown on page 4. Income distributions of £6,039,000 were made during the year (year ended 31 December 2010: £4,329,000).

The Partnership

The Partnership was established on 6 October 2008 and was registered as a Limited Partnership under the Limited Partnership Act 1907 on 8 October 2008.

Financial instruments

The partnership holds financial instruments for two main purposes:

- to finance the development and subsequent long term retention of investment properties;
- to manage the interest rate risks arising from its operations and from its sources of finance.

The main risks arising from the partnership's financial instruments are interest rate risk and market price risk. The partnership does not trade in financial instruments.

Designated partners

The designated partners during the year were as follows:

USAF LP Limited (Limited Partner)
USAF GP No.10 Limited (General Partner)
UNITE UK Student Accommodation Fund (Limited Partner)
UNITE Discretionary Trust (Limited Partner)

Disclosure of information to auditor

The General Partner who held office at the date of approval of this Report of the General Partner, confirms that, so far as they are aware, there is no relevant audit information of which the Partnership's auditor is unaware; and the General Partner has taken all the steps that they ought to have taken as a General Partner to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

Partners' capital and profit shares

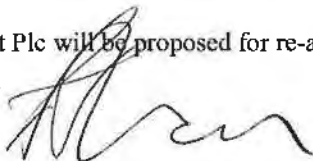
The partners interests in the partnership and their profit sharing arrangement at the end of the year was as follows:

USAF LP Limited	10.00%
UNITE UK Student Accommodation Fund	89.98%
UNITE Discretionary Trust	0.02%

Auditor

KPMG Audit Plc will be proposed for re-appointment.

Approved by



Andrew Reid

Director

For and on behalf of USAF GP No.10 Limited

22 June 2012

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

15 Canada Square
LONDON
E14 5GL
United Kingdom

Independent auditor's report to the members of USAF No. 10 Limited Partnership

We have audited the financial statements of USAF No.10 Limited Partnership for the year ended 31 December 2011 set out on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partners' Responsibilities Statement set out on page 2, the partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2011 and of profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Bligh (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

22 June 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	2	10,195	7,720
Reversal of impairment/(impairment) of investment properties	6	890	(3,181)
Reversal of impairment of fixed asset investments	7	-	1,873
Other operating charges		(253)	(196)
Operating profit	3	10,832	6,216
Investment income	4	1,963	1,788
Interest receivable and similar income	4	8	3
Finance costs: Interest payable and similar charges	5	(5,019)	(4,589)
Profit on ordinary activities before taxation		7,784	3,418
Taxation		-	-
Profit for the financial year (before income distributions)		7,784	3,418
Finance costs: Income distributions		(6,039)	(4,329)
Transfer to/(from) Partners' Income accounts	11	1,745	(911)

The profit and loss account has been prepared on the basis that all operations are continuing operations.
There is no difference between the loss for the year as stated above and its historical cost equivalent.

Statement of total recognised gains and losses
for the year ended 31 December 2011

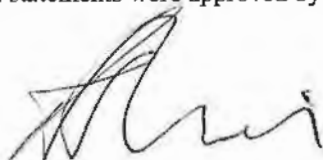
	<i>Note</i>	2011 £000	2010 £000
Net profit/(loss) attributable to partners		1,745	(911)
Unrealised surplus on revaluation of investment properties	6	4,900	4,159
Unrealised surplus on revaluation of fixed asset investments	7	1,070	202
Total recognised gains and losses relating to the year		7,715	3,450

Balance sheet

At 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible fixed assets	6	192,140	185,967
Investments	7	32,392	31,322
		<u>224,532</u>	<u>217,289</u>
Current assets			
Debtors	8	3,291	2,692
Cash at bank and in hand		13	2
		<u>3,304</u>	<u>2,694</u>
Creditors: amounts falling due within one year	9	<u>(5,952)</u>	<u>(6,173)</u>
Net current liabilities		<u>(2,648)</u>	<u>(3,479)</u>
		<u>221,884</u>	<u>213,810</u>
Creditors: amounts falling due after more than one year	10	<u>(157,198)</u>	<u>(156,839)</u>
Net assets attributable to partners	11	<u>64,686</u>	<u>56,971</u>
<i>Represented by:</i>			
Partners' accounts classified as liabilities under FRS 25			
Partners' capital contribution accounts	11	300	300
Partners' revaluation accounts	11	11,402	5,432
Partners' income accounts	11	(9,709)	(11,454)
Partners' loan accounts	11	62,693	62,693
		<u>64,686</u>	<u>56,971</u>
Loans and other debts due to partners		<u>64,686</u>	<u>56,971</u>

These financial statements were approved by the partners on 22 June 2012 and were signed on their behalf by:



.....
Andrew Reid : on behalf of the General Partner – USAF GP No. 10 Ltd

Cash flow statement
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Net cash inflow from operating activities	12	9,114	10,054
Returns on investments and servicing of finance	13	(2,681)	(2,461)
Capital expenditure	13	(383)	(45,423)
Distributions paid	13	(6,039)	(4,329)
		<hr/>	<hr/>
Cash inflow/(outflow) before financing		11	(42,159)
Financing	13	-	42,130
		<hr/>	<hr/>
Increase/(decrease) in cash in the year		11	(29)
Cash at start of the year		2	31
		<hr/>	<hr/>
Cash at end of the year		13	2
		<hr/>	<hr/>

**Reconciliation of net cash flow
to movement in net debt**
for the year ended 31 December 2011

Increase/(decrease) in cash in the year		11	(29)
Loans and other debts due to partners		-	(22,287)
Cash inflow from increase in debt financing		-	(19,843)
Other non cash movements	14	(359)	(326)
		<hr/>	<hr/>
Movement in net debt in the year	14	(348)	(42,485)
Net debt at the start of the year	14	(219,530)	(177,045)
		<hr/>	<hr/>
Net debt at the end of the year	14	(219,878)	(219,530)
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Partnership's financial statements.

Basis of preparation

Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Parts XV and XVI of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice as required by the Limited Partnership Deed dated 5 October 2008.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties and investment in subsidiaries. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the partners, and their historical cost equivalents.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £2,648,000 which the partners believe to be appropriate for the following reasons. The partnership is dependent for its working capital on funds provided to it by The UNITE UK Student Accommodation Fund and its subsidiary undertakings. A subsidiary undertaking of The UNITE UK Student Accommodation Fund has provided the partnership with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the partnership. This should enable the partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any partnership placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The UNITE UK Student Accommodation Fund is the partner with the majority interest in the partnership. After the third anniversary after the initial closing each unitholder may request the fund to redeem all or a portion of its units on a semi annual basis. The redemption requests will be effective as of the first calendar half year. To the extent the trust manager is unable to satisfy redemption requests units will be redeemed as liquid assets become available. The trust manager will have the discretion to the extent to which liquid assets can be made available. The trust will not be obliged to sell properties to satisfy redemption requests during the primary period.

Based on this understanding the partners believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

Investment income

Investment income comprises distributions received from investments in subsidiary undertakings. Distributions are recognised on the date received.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued quarterly at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount; and
- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

This treatment, as regards the partnership's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement.

Investments

The partnership values its investment in subsidiary undertakings on an underlying net assets basis, whereby the original cost of the investments is adjusted for the movement in the underlying net assets applicable to the investment since their acquisition with an adjustment to the partner's revaluation reserve.

Basis of consolidation

The partnership is exempt by virtue of S400 of the Companies Act 2006 from the requirement to produce consolidated financial statements. These financial statements therefore present information about the partnership as an individual undertaking and not about its group.

Taxation

The taxation payable on the profits of the partnership is the personal liability of the partners during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements.

Borrowings

Interest bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings at a constant rate on the carrying amount.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Distribution Policy

Income produced by the Partnership is distributed to the Limited Partners to the extent that Partnership income exceeds expenses, excluding capital items. Capital distributions arising from capital receipts including refinancing gains are applied firstly in repayment of the Limited Partners' loans, thereafter repaying Limited Partners' capital.

Notes (continued)

2 Turnover

Turnover of the partnership for the year has been derived from its principal activity undertaken wholly in the United Kingdom.

3 Operating profit

	2011 £000	2010 £000
<i>Operating profit is stated after charging/(crediting):</i>		
(Reversal of impairment)/impairment of investment property	(890)	3,181
Reversal of impairment of fixed asset investments	-	(1,873)
Rental income received under operating leases	(10,195)	(7,720)
	<u> </u>	<u> </u>

Auditor's remuneration of £800 (year ended 31 December 2010: £1,200) was borne by another group entity.

Fees paid to the partnership's auditor, KPMG Audit Plc and its associates for services other than the statutory audit of the partnership are not disclosed in the partnership accounts since the consolidated accounts of the major limited partner, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

4 Interest receivable and similar income

	2011 £000	2010 £000
Distributions received from subsidiaries	1,963	1,788
Bank interest receivable	8	3
	<u> </u>	<u> </u>
	1,971	1,791
	<u> </u>	<u> </u>

5 Finance costs: Interest payable and similar charges

	2011 £000	2010 £000
Interest and other charges on bank loans	5,019	4,589
	<u> </u>	<u> </u>

Notes (continued)

6 Tangible fixed assets

	Investment properties £000
Valuation	
At beginning of year	185,967
Additions	383
Revaluation	4,900
Reversal of previous impairment	890
At end of year	192,140

The investment properties were valued as at 31 December 2011, on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by CB Richard Ellis Ltd as external valuers. The historical cost of the properties at 31 December 2011 was £192,635,000 (31 December 2010: £192,252,000).

Included within the above are properties valued at £11,230,000 (31 December 2010: £11,480,000) which are leasehold. The remaining properties are freehold.

7 Investments

	Investment in subsidiaries £000	Loans due from subsidiaries £000	Total £000
Valuation			
At beginning of year	11,963	19,359	31,322
Revaluation	1,070	-	1,070
At end of year	13,033	19,359	32,392

The investment comprises a 99.3% holding in the Filbert Village Student Accommodation Unit Trust, an Isle of Man registered Unit Trust which invests in student accommodation in the United Kingdom.

The loan made to the Unit Trust is long term and interest free.

At 31 December 2011, the net assets of Filbert Village Student Accommodation Unit Trust were £13,054,000 (31 December 2010: £11,963,000) and it reported a profit for the year then ended of £2,335,000 (year ended 31 December 2010: profit of £3,886,000).

The historical cost of the investments is £31,120,000 (31 December 2010: £31,120,000).

Notes *(continued)*

8 Debtors

	2011 £000	2010 £000
Amounts due from related parties	3,289	2,692
Other debtors	2	-
	<u>3,291</u>	<u>2,692</u>

All debtors are due within one year.

9 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Amounts due to group undertakings	5,556	4,764
Other creditors	396	1,409
	<u>5,952</u>	<u>6,173</u>

Notes (continued)

10 Creditors: amounts falling due after one year

	2011 £000	2010 £000
Amounts due to group undertakings	52,287	52,287
Bank loans (secured)	105,600	105,600
Less: unamortised refinance costs	(689)	(1,048)
	<u>157,198</u>	<u>156,839</u>

Loan maturity analysis

	2011 £000	2010 £000
In two to five years	104,911	104,552
In more than five years	52,287	52,287
	<u>157,198</u>	<u>156,839</u>

The bank loans, which total £105,600,000, are disclosed net of unamortised refinance costs of £689,000 (31 December 2010: £1,048,000), and are secured by a first legal charge over the partnerships' investment properties. The loans, which are interest only, are repayable in full on 16 December 2013. Interest is payable as follows:

£85,600,000: rate of 4.705%, £20,000,000: rate of 2.91%

The partnership manages its interest risk by making use of interest rate swaps covering £105,600,000 of the total loan balance at 31 December 2011 (31 December 2010: £105,600,000). The swaps mature on 16 December 2013 (£20,000,000) and on 31 December 2013 (£85,600,000). The fair value of the swap at 31 December 2011 is a liability of £4,266,898 (31 December 2010: liability of £4,346,738).

Amounts due to group undertakings includes £52,287,000 due under intra group loan agreements. The loans are unsecured and interest free and due for repayment as follows:

£30,000,000: 12 December 2033, £22,287,000: 22 October 2035

11 Loans and other debts due to partners

Reconciliation of movements in total partners' interests

	Partners' other interests		Total £000	Loans and other debts due to partners £000	Total Partners' interest £000
	Partners' capital £000	Other reserves £000			
Partners' interests at 1 January 2011	300	(6,022)	(5,722)	62,693	56,971
Revaluation of investment properties	-	4,900	4,900	-	4,900
Revaluation of fixed asset investments	-	1,070	1,070	-	1,070
Profit for the financial year	-	1,745	1,745	-	1,745
Partners' interests at 31 December 2011	<u>300</u>	<u>1,693</u>	<u>1,993</u>	<u>62,693</u>	<u>64,686</u>

The loans from partners are interest free and have no fixed repayment date.

Notes (continued)

12 Reconciliation of operating profit to operating cash flows

	2011 £000	2010 £000
Operating profit	10,832	6,216
(Increase)/decrease in debtors	(599)	2,633
Decrease in creditors	(229)	(103)
(Reversal of impairment)/impairment of investment properties	(890)	3,181
Reversal of impairment of fixed asset investments	-	(1,873)
	<hr/>	<hr/>
Net cash inflow from operating activities	9,114	10,054
	<hr/>	<hr/>

13 Analysis of cash flows

	2011 £000	2010 £000	2010 £000
Returns on investment and servicing of finance			
Distributions received	1,963	1,788	
Interest received	8	3	
Interest paid	(4,652)	(4,252)	
	<hr/>	<hr/>	
		(2,681)	(2,461)
		<hr/>	<hr/>
Capital expenditure			
Purchase of tangible fixed assets	(383)	(45,423)	
	<hr/>	<hr/>	
		(383)	(45,423)
		<hr/>	<hr/>
Financing			
Net receipts on bank loans	-	19,843	
Intragroup loans	-	22,287	
	<hr/>	<hr/>	
		-	42,130
		<hr/>	<hr/>
Distributions			
Distributions paid	(6,039)	(4,329)	
	<hr/>	<hr/>	
		(6,039)	(4,329)
		<hr/>	<hr/>

Notes (continued)

14 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non cash movements £000	At end of year £000
Cash at bank and in hand	2	11	-	13
Loans due to partners	(62,693)	-	-	(62,693)
Debt due in more than one year	(156,839)	-	(359)	(157,198)
Total	(219,530)	11	(359)	(219,878)

15 Capital commitments

The partnership had no capital commitments at 31 December 2011 (31 December 2010: £nil).

16 Contingent liabilities

The partnership had no contingent liabilities at 31 December 2011 (31 December 2010: £nil).

17 Related party transactions

The partnership had the following discloseable transactions with related parties in accordance with FRS8:

The UNITE Group plc and subsidiary companies:

Property and cash management fees paid to The UNITE Group plc and subsidiary companies £166,000 (year ended 31 December 2010: £137,000).

Amounts due to The UNITE Group plc and subsidiary companies at 31 December 2011: Other debtors £3,289,000 (31 December 2010: £2,692,000).

The UNITE UK Student Accommodation Fund and subsidiary entities ('USAF'):

Amounts due to USAF: £5,556,000 (31 December 2010: £4,764,000). These balances arose due to the movement of cash between USAF entities.

Payments in respect of completed properties: £nil (year ended 31 December 2010: £42,150,000).

Loans due to USAF entities £52,287,000 (31 December 2010: £52,287,000) – see note 10. The loans are due as follows:

USAF No.6 Limited Partnership - £30,000,000 – interest free and due for repayment on 12 December 2033

USAF No.11 Limited Partnership - £22,287,000 - interest free and due to repayment on 22 October 2035.

The purpose of both loans is financing of investment properties.

18 Controlling party

The partnership is controlled by The UNITE UK Student Accommodation Fund as 89.98% partner

USAF No. 10 Limited Partnership

Partners' report and financial statements

Registered number LP013230

Year ended 31 December 2012

Contents

Report of the General Partner	1
Statement of General Partner's responsibilities	2
Independent auditor's report to the members of USAF No.10 Limited Partnership	3
Profit and loss account	5
Statement of total recognised gains and losses	5
Balance sheet	6
Cash flow statement	7
Notes	8

Report of the General Partner

USAF GP No.10 Limited ('the General Partner') presents the audited financial statements for USAF No. 10 Limited Partnership ('the Partnership') for the year ended 31 December 2012.

Principal activity, results and income distributions

The principal activity of the partnership during the year was the management and holding of student accommodation for investment purposes. The results for the year are shown on page 4. Income distributions of £7,383,000 were made during the year (year ended 31 December 2011: £6,039,000).

The Partnership

The Partnership was established on 6 October 2008 and was registered as a Limited Partnership under the Limited Partnership Act 1907 on 8 October 2008.

Financial instruments

The partnership holds financial instruments for two main purposes:

- to finance the development and subsequent long term retention of investment properties;
- to manage the interest rate risks arising from its operations and from its sources of finance.

The main risks arising from the partnership's financial instruments are interest rate risk and market price risk. The partnership does not trade in financial instruments.

Designated partners

The designated partners during the year were as follows:

USAF LP Limited (Limited Partner)
USAF GP No.10 Limited (General Partner)
UNITE UK Student Accommodation Fund (Limited Partner)
UNITE Discretionary Trust (Limited Partner)

Disclosure of information to auditor

The General Partner who held office at the date of approval of this Report of the General Partner, confirms that, so far as they are aware, there is no relevant audit information of which the Partnership's auditor is unaware; and the General Partner has taken all the steps that they ought to have taken as a General Partner to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

Partners' capital and profit shares

The partners interests in the partnership and their profit sharing arrangement at the end of the year was as follows:

USAF LP Limited	10.00%
UNITE UK Student Accommodation Fund	89.98%
UNITE Discretionary Trust	0.02%

Auditor

KPMG Audit Plc will be proposed for re-appointment.

Approved by

Nicholas G Richards

Director

For and on behalf of USAF GP No.10 Limited

2013

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

15 Canada Square
LONDON
E14 5GL
United Kingdom

Independent auditor's report to the members of USAF No. 10 Limited Partnership

We have audited the financial statements of USAF No.10 Limited Partnership for the year ended 31 December 2012 set out on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partners' Responsibilities Statement set out on page 2, the partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2012 and of profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Meredith (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

2013

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	11,016	10,195
Reversal of impairment of investment properties	6	2,454	890
Impairment of fixed asset investments	7	(1,620)	-
Other operating charges		(361)	(253)
Operating profit	3	11,489	10,832
Loss on disposal of fixed assets		(62)	-
Investment income	4	1,305	1,963
Interest receivable and similar income	4	13	8
Finance costs: Interest payable and similar charges	5	(5,029)	(5,019)
Profit on ordinary activities before taxation		7,716	7,784
Taxation		-	-
Profit for the financial year (before income distributions)		7,716	7,784
Finance costs: Income distributions		(7,383)	(6,039)
Transfer to Partners' Income accounts	11	333	1,745

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There is no difference between the profit for the year as stated above and its historical cost equivalent.

Statement of total recognised gains and losses
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Net profit attributable to partners		333	1,745
Unrealised (deficit)/surplus on revaluation of investment properties	6	(1,629)	4,900
Unrealised (deficit)/surplus on revaluation of fixed asset investments	7	(1,272)	1,070
Total recognised gains and losses relating to the year		(2,568)	7,715

Balance sheet

At 31 December 2012

	Note	2012		2011	
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	6		191,800		192,140
Investments	7		29,500		32,392
			<u>221,300</u>		<u>224,532</u>
Current assets					
Debtors	8	2,728		3,291	
Cash at bank and in hand		-		13	
		<u>2,728</u>		<u>3,304</u>	
Creditors: amounts falling due within one year	9	<u>(109,623)</u>		<u>(5,952)</u>	
Net current liabilities			<u>(106,895)</u>		<u>(2,648)</u>
			114,405		221,884
Creditors: amounts falling due after more than one year	10		<u>(52,287)</u>		<u>(157,198)</u>
Net assets attributable to partners	11		<u>62,118</u>		<u>64,686</u>
<i>Represented by:</i>					
Partners' accounts classified as liabilities under FRS 25					
Partners' capital contribution accounts	11		300		300
Partners' revaluation accounts	11		8,501		11,402
Partners' income accounts	11		(9,376)		(9,709)
Partners' loan accounts	11		62,693		62,693
Loans and other debts due to partners			<u>62,118</u>		<u>64,686</u>

These financial statements were approved by the partners on 2013 and were signed on their behalf by:

.....
Nicholas G Richards : on behalf of the General Partner – USAF GP No. 10 Ltd

Cash flow statement
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Net cash inflow from operating activities	<i>12</i>	10,714	9,114
Returns on investments and servicing of finance	<i>13</i>	(3,377)	(2,681)
Capital expenditure	<i>13</i>	1,103	(383)
Distributions paid	<i>13</i>	(7,383)	(6,039)
		<hr/>	<hr/>
Cash inflow before financing		1,057	11
Financing	<i>13</i>	(1,070)	-
		<hr/>	<hr/>
(Decrease)/increase in cash in the year		(13)	11
Cash at start of the year		13	2
		<hr/>	<hr/>
Cash at end of the year		-	13
		<hr/> <hr/>	<hr/> <hr/>

**Reconciliation of net cash flow
to movement in net debt**
for the year ended 31 December 2012

(Decrease)/increase in cash in the year		(13)	11
Cash outflow from decrease in debt financing		1,070	-
Other non cash movements	<i>14</i>	(359)	(359)
		<hr/>	<hr/>
Movement in net debt in the year	<i>14</i>	698	(348)
Net debt at the start of the year	<i>14</i>	(219,878)	(219,530)
		<hr/>	<hr/>
Net debt at the end of the year	<i>14</i>	(219,180)	(219,878)
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Partnership's financial statements.

Basis of preparation

Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Parts XV and XVI of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice as required by the Limited Partnership Deed dated 6 October 2008.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties and investment in subsidiaries. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the partners, and their historical cost equivalents.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £106,895,000 which the partners believe to be appropriate for the following reasons. The partnership is dependent for its working capital on funds provided to it by The UNITE UK Student Accommodation Fund and its subsidiary undertakings. A subsidiary undertaking of The UNITE UK Student Accommodation Fund has provided the partnership with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the partnership. This should enable the partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any partnership placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Partnership's forecast cashflows show that it is expected to have adequate resources to meet its operational requirements for the foreseeable future, subject to the continued availability of bank facilities. However, the Partnership has £104.5 million of bank loans expiring in December 2013. The Partnership is in the process of arranging alternative funding which will replace the expiring facility although terms have not yet been agreed. The Partnership continues to perform well. As a result, although there is no certainty that funding will be secured, the General Partner does not consider that a material uncertainty exists in relation to securing the refinancing and have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future.

The UNITE UK Student Accommodation Fund is the partner with the majority interest in the partnership. After the third anniversary after the initial closing each unitholder may request the fund to redeem all or a portion of its units on a semi annual basis. The redemption requests will be effective as of the first calendar half year. To the extent the trust manager is unable to satisfy redemption requests units will be redeemed as liquid assets become available. The trust manager will have the discretion to the extent to which liquid assets can be made available. The trust will not be obliged to sell properties to satisfy redemption requests during the primary period.

Based on this understanding the partners believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

Investment income

Investment income comprises distributions received from investments in subsidiary undertakings. Distributions are recognised on the date received.

Tangible fixed assets and depreciation

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued quarterly at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount; and
- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

This treatment, as regards the partnership's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement.

Investments

The partnership values its investment in subsidiary undertakings on an underlying net assets basis, whereby the original cost of the investments is adjusted for the movement in the underlying net assets applicable to the investment since their acquisition with an adjustment to the partner's revaluation reserve.

Basis of consolidation

The partnership is exempt by virtue of S400 of the Companies Act 2006 from the requirement to produce consolidated financial statements. These financial statements therefore present information about the partnership as an individual undertaking and not about its group.

Taxation

The taxation payable on the profits of the partnership is the personal liability of the partners during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements.

Borrowings

Interest bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings at a constant rate on the carrying amount.

Notes (continued)

1 Accounting policies (continued)

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Distribution Policy

Income produced by the Partnership is distributed to the Limited Partners to the extent that Partnership income exceeds expenses, excluding capital items. Capital distributions arising from capital receipts including refinancing gains are applied firstly in repayment of the Limited Partners' loans, thereafter repaying Limited Partners' capital.

2 Turnover

Turnover of the partnership for the year has been derived from its principal activity undertaken wholly in the United Kingdom.

3 Operating profit

	2012 £000	2011 £000
<i>Operating profit is stated after charging/(crediting):</i>		
Reversal of impairment of investment property	(2,454)	(890)
Impairment of fixed asset investments	1,620	-
Rental income received under operating leases	(11,016)	(10,195)
	<u> </u>	<u> </u>

Auditor's remuneration of £800 (year ended 31 December 2011: £800) was borne by another group entity.

Fees paid to the partnership's auditor, KPMG Audit Plc and its associates for services other than the statutory audit of the partnership are not disclosed in the partnership accounts since the consolidated accounts of the major limited partner, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

4 Interest receivable and similar income

	2012 £000	2011 £000
Distributions received from subsidiaries	1,305	1,963
Bank interest receivable	13	8
	<u> </u>	<u> </u>
	<u>1,318</u>	<u>1,971</u>

Notes (continued)

5 Finance costs: Interest payable and similar charges

	2012 £000	2011 £000
Interest and other charges on bank loans	5,029	5,019

6 Tangible fixed assets

	Investment properties £000
<i>Valuation</i>	
At beginning of year	192,140
Additions	735
Disposals	(1,900)
Revaluation	(1,629)
Reversal of previous impairment	2,454
At end of year	191,800

The investment properties were valued as at 31 December 2012, on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by CB Richard Ellis Ltd as external valuers. The historical cost of the properties at 31 December 2012 was £186,867,000 (31 December 2011: £188,284,000).

Included within the above are properties valued at £11,690,000 (31 December 2011: £11,230,000) which are leasehold. The remaining properties are freehold.

7 Investments

	Investment in subsidiaries £000	Loans due from subsidiaries £000	Total £000
<i>Valuation</i>			
At beginning of year	13,033	19,359	32,392
Revaluation	(1,272)	-	(1,272)
Impairment	(1,620)	-	(1,620)
At end of year	10,141	19,359	29,500

The investment comprises a 99.93% holding in the Filbert Village Student Accommodation Unit Trust, an Isle of Man registered Unit Trust which invests in student accommodation in the United Kingdom.

The loan made to the Unit Trust is long term and interest free.

At 31 December 2012, the net assets of Filbert Village Student Accommodation Unit Trust were £10,164,000 (31 December 2011: £13,054,000) and it reported a profit for the year then ended of £1,585,000 (year ended 31 December 2011: profit of £2,335,000).

Notes (continued)

8 Debtors

	2012 £000	2011 £000
Amounts due from related parties	2,728	3,289
Other debtors	-	2
	<u>2,728</u>	<u>3,291</u>

All debtors are due within one year.

9 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Bank loans (secured)	104,530	-
Less: unamortised refinance costs	(329)	-
Amounts due to group undertakings	4,861	5,556
Other creditors	561	396
	<u>109,623</u>	<u>5,952</u>

The bank loans, which total £104,530,000 (31 December 2011: £105,600,000), are disclosed net of unamortised refinance costs of £329,000 (31 December 2011: £689,000), and are secured by a first legal charge over the partnerships' investment properties.

The loans, which are interest only, are repayable in full on 16 December 2013. Interest is payable as follows:

£85,600,000: rate of 4.705%, £18,930,000: rate of 2.91%

The partnership manages its interest risk by making use of interest rate swaps covering £104,530,000 (31 December 2011: £105,600,000) of the total loan balance at 31 December 2012 (31 December 2011: £105,600,000). The swaps mature on 16 December 2013 (£20,000,000) and on 31 December 2013 (£85,600,000). The fair value of the swap at 31 December 2012 is a liability of £2,696,542 (31 December 2011: liability of £4,266,898).

Notes (continued)

10 Creditors: amounts falling due after one year

	2012 £000	2011 £000
Amounts due to group undertakings	52,287	52,287
Bank loans (secured)	-	105,600
Less: unamortised refinance costs	-	(689)
	<u>52,287</u>	<u>157,198</u>

Loan maturity analysis

	2012 £000	2011 £000
In less than one year	104,201	-
In two to five years	-	104,911
In more than five years	52,287	52,287
	<u>156,488</u>	<u>157,198</u>
Less: included in current liabilities	(104,201)	-
	<u>52,287</u>	<u>157,198</u>

Amounts due to group undertakings comprises £52,287,000 due under intra group loan agreements. The loans are unsecured and interest free and due for repayment as follows:
£30,000,000: 12 December 2033, £22,287,000: 22 October 2035

11 Loans and other debts due to partners

Reconciliation of movements in total partners' interests

	Partners' other interests		Loans and other debts due to partners		Total Partners' interest
	Partners' capital £000	Other reserves £000	Total £000	to partners £000	£000
Partners' interests at 1 January 2012	300	1,693	1,993	62,693	64,686
Revaluation of investment properties	-	(1,729)	(1,729)	-	(1,729)
Revaluation of fixed asset investments	-	(1,272)	(1,272)	-	(1,272)
Profit for the financial year	-	433	433	-	433
Partners' interests at 31 December 2012	<u>300</u>	<u>(875)</u>	<u>(575)</u>	<u>62,693</u>	<u>62,118</u>

The loans from partners are interest free and have no fixed repayment date.

Notes (continued)

12 Reconciliation of operating profit to operating cash flows

	2012 £000	2011 £000
Operating profit	11,489	10,832
Decrease/(increase) in debtors	563	(599)
Decrease in creditors	(504)	(229)
Reversal of impairment of investment properties	(2,454)	(890)
Impairment of fixed asset investments	1,620	-
	<hr/>	<hr/>
Net cash inflow from operating activities	10,714	9,114
	<hr/>	<hr/>

13 Analysis of cash flows

	2012 £000	2011 £000	2012 £000	2011 £000
Returns on investment and servicing of finance				
Distributions received	1,305		1,963	
Interest received	13		8	
Interest paid	(4,695)		(4,652)	
	<hr/>		<hr/>	
		(3,377)		(2,681)
		<hr/>		<hr/>
Capital expenditure				
Purchase of tangible fixed assets	(735)		(383)	
Proceeds from sales of fixed assets	1,838		-	
	<hr/>		<hr/>	
		1,103		(383)
		<hr/>		<hr/>
Financing				
Repayment of bank loans	(1,070)		-	
	<hr/>		<hr/>	
		(1,070)		-
		<hr/>		<hr/>
Distributions				
Distributions paid	(7,383)		(6,039)	
	<hr/>		<hr/>	
		(7,383)		(6,039)
		<hr/>		<hr/>

Notes (continued)

14 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non cash movements £000	At end of year £000
Cash at bank and in hand	13	(13)	-	-
Loans due to partners	(62,693)	-	-	(62,693)
Debt due in more than one year	(157,198)	1,070	(359)	(156,487)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(219,878)	1,057	(359)	(219,180)
	<hr/>	<hr/>	<hr/>	<hr/>

15 Capital commitments

The partnership had no capital commitments at 31 December 2012 (31 December 2011: £nil).

16 Contingent liabilities

The partnership had no contingent liabilities at 31 December 2012 (31 December 2011: £nil).

17 Related party transactions

The partnership had the following discloseable transactions with related parties in accordance with FRS8:

The UNITE Group plc and subsidiary companies:

Property and cash management fees paid to The UNITE Group plc and subsidiary companies £169,000 (year ended 31 December 2011: £166,000).

Amounts due to The UNITE Group plc and subsidiary companies at 31 December 2012: Other debtors £2,728,000 (31 December 2011: £3,289,000).

The UNITE UK Student Accommodation Fund and subsidiary entities ('USAF'):

Amounts due to USAF: £4,861,000 (31 December 2011: £5,556,000). These balances arose due to the movement of cash between USAF entities.

Loans due to USAF entities £52,287,000 (31 December 2011: £52,287,000) – see note 10. The loans are due as follows:

USAF No.6 Limited Partnership - £30,000,000 – interest free and due for repayment on 12 December 2033

USAF No.11 Limited Partnership - £22,287,000 - interest free and due to repayment on 22 October 2035.

The purpose of both loans is financing of investment properties.

18 Controlling party

The partnership is controlled by The UNITE UK Student Accommodation Fund as 89.98% partner

**Filbert Village Student Accommodation Limited
Partnership**

Partners' report and financial statements

Registered number LP011793

Year ended 31 December 2011

Contents

Report of the General Partner	1
Statement of General Partner's responsibilities	2
Independent auditor's report to the Partners of Filbert Village Student Accommodation Limited Partnership	3
Profit and loss account	3
Balance sheet	5
Cash flow statement	6
Notes	7

Report of the General Partner

Filbert Village GP Limited ('the General Partner') presents the audited financial statements for Filbert Village Student Accommodation Limited Partnership ('the Partnership') for the year ended 31 December 2011.

Principal activity, results and income distributions

The principal activity of the partnership during the year was the management and holding of student accommodation for investment purposes. The results for the year are shown on page 4. Income distributions of £1,976,000 (year ended 31 December 2010: £1,808,000) were made during the year.

The Partnership

The Partnership was established on 5 December 2006 and was registered as a Limited Partnership under the Limited Partnership Act 1907 on 15 December 2006.

Designated partners

The designated partners during the year and their date of appointment were as follows:

Filbert Village GP Ltd (General Partner)

Filbert Village Student Accommodation Unit Trust (Limited Partner)

UNITE Discretionary Trust (Limited Partner)

Disclosure of information to auditor

The directors of the General Partner who held office at the date of approval of this Report of the General Partner, confirms that, so far as he is aware, there is no relevant audit information of which the Partnership's auditor is unaware; and the directors of the General Partner has taken all the steps that he ought to have taken as a director of the General Partner to make himself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

Partners' capital and profit shares

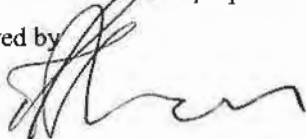
The partners interests in the partnership and their profit sharing arrangement at the end of the year was as follows:

Filbert Village Student Accommodation Unit Trust	99.93%
UNITE Discretionary Trust	0.07%

Auditor

KPMG Audit Plc will be proposed for re-appointment.

Approved by



AD Reid

Director

For and on behalf of Filbert Village GP Limited

22 June 2012

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the Partners of Filbert Village Student Accommodation Limited Partnership

We have audited the financial statements of Filbert Village Student Accommodation Limited Partnership for the year ended 31 December 2011 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partners' Responsibilities Statement set out on page 2, the partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Bligh (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

22 June 2012

Profit and loss account

for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover	2	1,989	1,824
Cost of sales		-	-
Gross profit		1,989	1,824
Reversal of impairment of investment property	4	1,070	2,097
Other operating charges		(13)	(16)
Profit on ordinary activities before taxation	3	3,046	3,905
Taxation		-	-
Profit for the financial year (before income distributions)		3,046	3,905
Finance costs: Income distributions		(1,976)	(1,808)
Transfer to Partners' Income accounts	6	1,070	2,097

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

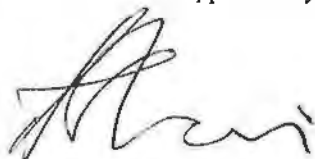
There is no material difference between the result as disclosed in the profit and loss account and the result given by the unmodified historical cost basis.

Balance sheet

At 31 December 2011

	Note	31 December 2011		31 December 2010	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	4		32,940		31,550
Current assets					
Cash at bank and in hand		10		10	
		<u>10</u>		<u>10</u>	
Creditors: amounts falling due within one year	5	<u>(19,886)</u>		<u>(19,566)</u>	
Net current liabilities			(19,876)		(19,556)
Net assets attributable to partners	6		<u>13,064</u>		<u>11,994</u>
<i>Represented by:</i>					
Partners' accounts classified as liabilities under FRS 25					
Partners' capital contribution accounts	6		-		-
Partners' income accounts	6		(1,698)		(2,768)
Partners' loan accounts	6		<u>14,762</u>		<u>14,762</u>
Loans and other debts due to partners			<u>13,064</u>		<u>11,994</u>

These financial statements were approved by the partners on 22 June 2012 and were signed on their behalf by:



AD Reid : on behalf of the General Partner – Filbert Village GP Ltd

Cash flow statement
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Net cash inflow from operating activities	7	2,296	1,911
Capital expenditure	8	(320)	(103)
Distributions paid	8	(1,976)	(1,808)
		<hr/>	<hr/>
Movement in cash in the year		-	-
Cash at start of the year		10	10
		<hr/>	<hr/>
Cash at end of the year		10	10
		<hr/>	<hr/>

**Reconciliation of net cash flow
to movement in net debt**
For the year ended 31 December 2011

Movement in cash in the year	-	-
Cash at the start of the year	10	10
	<hr/>	<hr/>
Cash at the end of the year	10	10
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Partnership's financial statements.

Basis of preparation

Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Parts XV and XVI of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice as required by the Limited Partnership Deed dated 5 December 2006.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the partners, and their historical cost equivalents.

Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £19,876,000 which the partners believe to be appropriate for the following reasons. The partnership is dependent for its working capital on funds provided to it by The UNITE UK Student Accommodation Fund and its subsidiary undertakings. A subsidiary undertaking of The UNITE UK Student Accommodation Fund has provided the partnership with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the partnership. This should enable the partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any partnership placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The UNITE UK Student Accommodation Fund is the partner with the majority interest in the partnership. After the third anniversary after the initial closing each unitholder may request the fund to redeem all or a portion of its units on a semi annual basis. The redemption requests will be effective as of the first calendar half year. To the extent the trust manager is unable to satisfy redemption requests units will be redeemed as liquid assets become available. The trust manager will have the discretion to the extent to which liquid assets can be made available. The trust will not be obliged to sell properties to satisfy redemption requests during the primary period.

Based on this understanding the partners believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount; and

- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

This treatment, as regards the partnership's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement.

Taxation

The taxation payable on the profits of the partnership is the personal liability of the partners during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements.

Distribution Policy

Income produced by the Partnership is distributed to the Limited Partners to the extent that Partnership income exceeds expenses.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2 Turnover

Turnover of the partnership for the year has been derived from its principal activity undertaken wholly in the United Kingdom.

3 Profit on ordinary activities before taxation

	2011 £000	2010 £000
<i>Profit on ordinary activities before taxation is stated after crediting</i>		
Rental income received under operating leases	1,989	1,824
Reversal of impairment of fixed asset property	1,070	2,097

Auditor's remuneration of £800 (year ended 31 December 2010: £1,200) was borne by another group entity.

Fees paid to the partnership's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the partnership are not disclosed in the partnership's accounts since the consolidated accounts of the partnership's parent, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

Notes (continued)

4 Tangible fixed assets

	Investment property £000
<i>Valuation</i>	
At beginning of year	31,550
Additions	320
Reversal of impairment	1,070
At end of year	32,940

The investment property was valued as at 31 December 2011, on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by CB Richard Ellis Ltd, Chartered Surveyors as external valuers. The property is freehold

The historical cost of the property at 31 December 2011 was £34,638,000 (31 December 2010: £34,318,000).

5 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to group undertakings	19,586	19,494
Amounts owed to related undertakings	185	72
Other creditors	115	-
	19,886	19,566

Notes (continued)

6 Loans and other debts due to partners

Reconciliation of movements in total partners' interests

	<i>Partners' other interests</i>			<i>Loans and other debts due to partners</i>	<i>Total Partners' interest</i>
	Partners' capital	Other reserves	Total		
	£000	£000	£000	£000	£000
Partners' interests at 1 January 2011	-	(2,768)	(2,768)	14,762	11,994
Profit for the financial year	-	1,070	1,070	-	1,070
Partners' interests at 31 December 2011	-	(1,698)	(1,698)	14,762	13,064

The loans from partners are interest free and have no fixed repayment date.

7 Reconciliation of operating profit to operating cash flows

	2011	2010
	£000	£000
Operating profit	3,046	3,905
Decrease in debtors	-	1,449
Increase/(decrease) in creditors	320	(1,346)
Reversal of impairment of investment property	(1,070)	(2,097)
Net cash inflow from operating activities	2,296	1,911

8 Analysis of cash flows

	2011	2010
	£000	£000
Capital expenditure		
Purchase of tangible fixed assets	(320)	(103)
	(320)	(103)
Distributions		
Distributions paid	(1,976)	(1,808)
	(1,976)	(1,808)

Notes *(continued)*

9 Capital commitments

The partnership had no capital commitments at 31 December 2011 (31 December 2010: nil).

10 Contingent liabilities

The partnership had no contingent liabilities at 31 December 2011 (31 December 2010: nil).

11 Related party transactions

The partnership had the following disclosable transactions with related parties in accordance with FRS8:

The UNITE Group plc and subsidiary companies:

Amounts due to The UNITE Group plc and subsidiary companies at 31 December 2011: £185,000 (31 December 2010: due to The UNITE Group plc: £72,000).

The UNITE UK Student Accommodation Fund and its subsidiary entities ('USAF'):

Amounts due to USAF: £19,586,000 (31 December 2010 - £19,494,000).

12 Controlling party

The partnership is controlled by The Filbert Village Student Accommodation Unit Trust as 99.93% partner.

The partnership's ultimate parent undertaking is The UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

**Filbert Village Student Accommodation Limited
Partnership**

Partners' report and financial statements

Registered number LP011793

Year ended 31 December 2012

Contents

Report of the General Partner	1
Statement of General Partner's responsibilities	2
Independent auditor's report to the Partners of Filbert Village Student Accommodation Limited Partnership	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes	7

Report of the General Partner

Filbert Village GP Limited ('the General Partner') presents the audited financial statements for Filbert Village Student Accommodation Limited Partnership ('the Partnership') for the year ended 31 December 2012.

Principal activity, results and income distributions

The principal activity of the partnership during the year was the management and holding of student accommodation for investment purposes. The results for the year are shown on page 4. Income distributions of £1,309,000 (year ended 31 December 2011: £1,976,000) were made during the year.

The Partnership

The Partnership was established on 5 December 2006 and was registered as a Limited Partnership under the Limited Partnership Act 1907 on 15 December 2006.

Designated partners

The designated partners during the year and their date of appointment were as follows:

Filbert Village GP Ltd (General Partner)

Filbert Village Student Accommodation Unit Trust (Limited Partner)

UNITE Discretionary Trust (Limited Partner)

Disclosure of information to auditor

The directors of the General Partner who held office at the date of approval of this Report of the General Partner, confirms that, so far as he is aware, there is no relevant audit information of which the Partnership's auditor is unaware; and the directors of the General Partner has taken all the steps that he ought to have taken as a director of the General Partner to make himself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

Partners' capital and profit shares

The partners interests in the partnership and their profit sharing arrangement at the end of the year was as follows:

Filbert Village Student Accommodation Unit Trust	99.93%
UNITE Discretionary Trust	0.07%

Approved by

NG Richards

Director

For and on behalf of Filbert Village GP Limited

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the Partners of Filbert Village Student Accommodation Limited Partnership

We have audited the financial statements of Filbert Village Student Accommodation Limited Partnership for the year ended 31 December 2012 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partners' Responsibilities Statement set out on page 2, the partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Meredith (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

2013

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	1,731	1,989
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		1,731	1,989
(Impairment)/reversal of impairment of investment property	4	(3,295)	1,070
Other operating charges		(19)	(13)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	3	(1,583)	3,046
Taxation		-	-
		<hr/>	<hr/>
(Loss)/profit for the financial year (before income distributions)		(1,583)	3,046
Finance costs: Income distributions		(1,309)	(1,976)
		<hr/>	<hr/>
Transfer (from)/to Partners' Income accounts	6	(2,892)	1,070
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no material difference between the result as disclosed in the profit and loss account and the result given by the unmodified historical cost basis.

Balance sheet

At 31 December 2012

	Note	31 December 2012		31 December 2011	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	4		29,980		32,940
Current assets					
Cash at bank and in hand		10		10	
		<u>10</u>		<u>10</u>	
Creditors: amounts falling due within one year	5	(19,818)		(19,886)	
		<u>(19,818)</u>		<u>(19,886)</u>	
Net current liabilities			(19,808)		(19,876)
			<u>(19,808)</u>		<u>(19,876)</u>
Net assets attributable to partners	6		10,172		13,064
			<u>10,172</u>		<u>13,064</u>
<i>Represented by:</i>					
Partners' accounts classified as liabilities under FRS 25					
Partners' capital contribution accounts	6		-		-
Partners' income accounts	6		(4,590)		(1,698)
Partners' loan accounts	6		14,762		14,762
			<u>14,762</u>		<u>14,762</u>
Loans and other debts due to partners			10,172		13,064
			<u>10,172</u>		<u>13,064</u>

These financial statements were approved by the partners on 2013 and were signed on their behalf by:

.....

NG Richards : on behalf of the General Partner – Filbert Village GP Ltd

Cash flow statement
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Net cash inflow from operating activities	7	1,644	2,296
Capital expenditure	8	(335)	(320)
Distributions paid	8	(1,309)	(1,976)
		<hr/>	<hr/>
Movement in cash in the year		-	-
Cash at start of the year		10	10
		<hr/>	<hr/>
Cash at end of the year		10	10
		<hr/> <hr/>	<hr/> <hr/>

**Reconciliation of net cash flow
to movement in net debt**
For the year ended 31 December 2012

Movement in cash in the year	-	-
Cash at the start of the year	10	10
	<hr/>	<hr/>
Cash at the end of the year	10	10
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Partnership's financial statements.

Basis of preparation

Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Parts XV and XVI of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice as required by the Limited Partnership Deed dated 5 December 2006.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the partners, and their historical cost equivalents.

Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £19,808,000 which the partners believe to be appropriate for the following reasons. The partnership is dependent for its working capital on funds provided to it by The UNITE UK Student Accommodation Fund and its subsidiary undertakings. A subsidiary undertaking of The UNITE UK Student Accommodation Fund has provided the partnership with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the partnership. This should enable the partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any partnership placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The UNITE UK Student Accommodation Fund is the partner with the majority interest in the partnership. After the third anniversary after the initial closing each unitholder may request the fund to redeem all or a portion of its units on a semi annual basis. The redemption requests will be effective as of the first calendar half year. To the extent the trust manager is unable to satisfy redemption requests units will be redeemed as liquid assets become available. The trust manager will have the discretion to the extent to which liquid assets can be made available. The trust will not be obliged to sell properties to satisfy redemption requests during the primary period.

Based on this understanding the partners believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount; and

- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

This treatment, as regards the partnership's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement.

Taxation

The taxation payable on the profits of the partnership is the personal liability of the partners during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements.

Distribution Policy

Income produced by the Partnership is distributed to the Limited Partners to the extent that Partnership income exceeds expenses.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2 Turnover

Turnover of the partnership for the year has been derived from its principal activity undertaken wholly in the United Kingdom.

3 (Loss)/profit on ordinary activities before taxation

	2012 £000	2011 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Net rental income received under operating leases	(1,731)	(1,989)
Impairment/(reversal of impairment) of fixed asset property	3,295	(1,070)
	<hr/>	<hr/>

Auditor's remuneration of £800 (year ended 31 December 2011: £800) was borne by another group entity.

Fees paid to the partnership's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the partnership are not disclosed in the partnership's accounts since the consolidated accounts of the partnership's parent, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

Notes (continued)

4 Tangible fixed assets

	Investment property £000
<i>Valuation</i>	
At beginning of year	32,940
Additions	335
Impairment	(3,295)
	<hr/>
At end of year	29,980
	<hr/> <hr/>

The investment property was valued as at 31 December 2012, on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by CB Richard Ellis Ltd, Chartered Surveyors as external valuers. The property is freehold

The historical cost of the property at 31 December 2012 was £34,973,000 (31 December 2011: £34,638,000).

5 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to group undertakings	19,587	19,586
Amounts owed to related undertakings	103	185
Other creditors	128	115
	<hr/>	<hr/>
	19,818	19,886
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

6 Loans and other debts due to partners

Reconciliation of movements in total partners' interests

	<i>Partners' other interests</i>			<i>Loans and other debts due to partners</i>	<i>Total Partners' interest</i>
	Partners' capital £000	Other reserves £000	Total £000	£000	£000
Partners' interests at 1 January 2012	-	(1,698)	(1,698)	14,762	13,064
Loss for the financial year	-	(2,892)	(2,892)	-	(2,892)
Partners' interests at 31 December 2012	-	(4,590)	(4,590)	14,762	10,172

The loans from partners are interest free and have no fixed repayment date.

7 Reconciliation of operating profit to operating cash flows

	2012 £000	2011 £000
Operating (loss)/profit	(1,583)	3,046
(Decrease)/increase in creditors	(68)	320
Impairment/(reversal of impairment) of investment property	3,295	(1,070)
Net cash inflow from operating activities	1,644	2,296

8 Analysis of cash flows

	2012 £000	2011 £000
Capital expenditure		
Purchase of tangible fixed assets	(335)	(320)
	(335)	(320)
Distributions		
Distributions paid	(1,309)	(1,976)
	(1,309)	(1,976)

Notes *(continued)*

9 Capital commitments

The partnership had no capital commitments at 31 December 2012 (31 December 2011: nil).

10 Contingent liabilities

The partnership had no contingent liabilities at 31 December 2012 (31 December 2011: nil).

11 Related party transactions

The partnership had the following disclosable transactions with related parties in accordance with FRS8:

The UNITE Group plc and subsidiary companies:

Amounts due to The UNITE Group plc and subsidiary companies at 31 December 2012: £103,000 (31 December 2011: due to The UNITE Group plc: £185,000).

The UNITE UK Student Accommodation Fund and its subsidiary entities ('USAF'):

Amounts due to USAF: £19,587,000 (31 December 2011 - £19,586,000).

12 Controlling party

The partnership is controlled by The Filbert Village Student Accommodation Unit Trust as 99.93% partner.

The partnership's ultimate parent undertaking is The UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

Company Registration No. 05897875 (England and Wales)

USAF GP NO. 1 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

USAF GP NO. 1 LIMITED

COMPANY INFORMATION

Directors	J J Lister A D Reid N Richards
Secretary	A D Reid
Company number	05897875
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF GP NO. 1 LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

USAF GP NO. 1 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011.

Principal activities

The principal activity of the company is acting as General Partner in the USAF No.1 Limited Partnership, a UK Limited Partnership. A final dividend of £15,950 was paid in respect of the year (2010: £15,800).

The company registration number is 05897875.

Directors

The following directors have held office since 1 January 2011:

J J Lister

J Granger

(Resigned 26 September 2011)

A D Reid

N Richards

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

USAF GP NO. 1 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



A D Reid

Secretary

21 September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USAF GP NO. 1 LIMITED

We have audited the financial statements of USAF GP No. 1 Limited for the year ended 31 December 2011 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

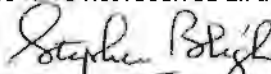
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Stephen Bligh (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

21 September 2012

15 Canada Square
LONDON
E14 5GL

USAF GP NO. 1 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover		-	-
Cost of sales		-	-
Operating result	2	-	-
Investment income	3	20,000	20,000
Profit on ordinary activities before taxation		20,000	20,000
Tax on profit on ordinary activities	4	(4,050)	(4,200)
Profit for the year	10	15,950	15,800

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no difference between the loss for the year as stated above and its historical cost equivalent.

USAF GP NO. 1 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Investments	6		-		-
Current assets					
Debtors	7	4,051		4,201	
Creditors: amounts falling due within one year	8	(4,050)		(4,200)	
Net assets			1		1
Capital and reserves					
Called up share capital	9		1		1
Shareholders' funds - equity interests	11		1		1

The financial statements were approved by the Board on 21 September 2012 and were signed on its behalf by



N Richards
Director

USAF GP NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

As General Partner of the USAF No.1 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the Company. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Investment income

Investment income is recognised from the Limited Partnership in respect of distributions received under the partnership agreement during the year.

1.5 Deferred taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

1.6 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

USAF GP NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

2 Operating result

Auditor's remuneration of £400 (2010: £650) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

3 Investment income	2011	2010
	£	£
Partnership income	20,000	20,000
4 Taxation	2011	2010
	£	£
Domestic current year tax		
U.K. corporation tax	4,050	4,200
Current tax charge	4,050	4,200
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	20,000	20,000
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.25% (2010 - 21.00%)	4,050	4,200
Current tax charge	4,050	4,200
5 Dividends	2011	2010
	£	£
Ordinary interim paid	15,950	15,800

USAF GP NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

6	Fixed asset investments	2011 £	2010 £
	Share in Limited Partnership	-	-

As General Partner of the USAF No. 1 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company.

USAF No. 1 Limited Partnership is registered as a limited partnership in England and Wales. The principal activity of the Limited Partnership is investment in student accommodation.

The net assets of USAF No. 1 Limited Partnership attributable to partners at 31 December 2011 were £114,484,000 (2010: £96,239,000) and the profit for the year ended 31 December 2011 was £21,989,000 (2010: £30,820,000).

7	Debtors	2011 £	2010 £
	Amounts owed by group undertakings	4,051	4,201

All debtors are due within one year.

8	Creditors: amounts falling due within one year	2011 £	2010 £
	Taxation and social security	4,050	4,200

9	Share capital	2011 £	2010 £
	Allotted, called up and fully paid		
	1 Ordinary shares of £1 each	1	1

USAF GP NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2011	-
Profit for the year	15,950
Dividends paid	(15,950)
	<hr/>
Balance at 31 December 2011	-
	<hr/>

11 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	15,950	15,800
Dividends	(15,950)	(15,800)
	<hr/>	<hr/>
Net movement in shareholders' funds	-	-
Opening shareholders' funds	1	1
	<hr/>	<hr/>
Closing shareholders' funds	1	1
	<hr/>	<hr/>

12 Contingent liabilities

The company had no contingent liabilities at 31 December 2011 (31 December 2010: £nil).

13 Capital commitments

The company had no capital commitments at 31 December 2011 (31 December 2010: £nil).

14 Employees

The company had no employees, in either year.

15 Control

The company's immediate parent undertaking is USAF Holdings Limited

The company's ultimate parent is the UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

USAF GP NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

16 Related party transactions

As the company is a wholly owned subsidiary of The UNITE UK Student Accommodation Fund, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

Company Registration No. 05897875 (England and Wales)

USAF GP NO. 1 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

USAF GP NO. 1 LIMITED

COMPANY INFORMATION

Directors	J J Lister C R Szpojnarowicz (Appointed 16 April 2013) N Richards
Secretary	C R Szpojnarowicz
Company number	05897875
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF GP NO. 1 LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

USAF GP NO. 1 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012.

Principal activities

The principal activity of the company is acting as General Partner in the USAF No.1 Limited Partnership, a UK Limited Partnership. A final dividend of £16,000 was paid in respect of the year (2011: £15,950).

The company registration number is 05897875.

Directors

The following directors have held office since 1 January 2012:

J J Lister

C R Szpojnarowicz

(Appointed 16 April 2013)

A D Reid

(Resigned 16 April 2013)

N Richards

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

USAF GP NO. 1 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

.....
C R Szpojnarowicz
Secretary
.....

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF USAF GP NO. 1 LIMITED

We have audited the financial statements of USAF GP No. 1 Limited for the year ended 31 December 2012 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

.....

15 Canada Square
LONDON
E14 5GL

USAF GP NO. 1 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover		-	-
Cost of sales		-	-
Operating result	2	-	-
Investment income	3	20,000	20,000
Profit on ordinary activities before taxation		20,000	20,000
Tax on profit on ordinary activities	4	(4,000)	(4,050)
Profit for the year	10	16,000	15,950

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no difference between the loss for the year as stated above and its historical cost equivalent.

USAF GP NO. 1 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Investments	6		-		-
Current assets					
Debtors	7	4,001		4,051	
Creditors: amounts falling due within one year	8	(4,000)		(4,050)	
Net assets			1		1
Capital and reserves					
Called up share capital	9		1		1
Shareholders' funds - equity interests	11		1		1

The financial statements were approved by the Board on
and were signed on its behalf by

.....
N Richards
Director

USAF GP NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

As General Partner of the USAF No.1 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the Company. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Investment income

Investment income is recognised from the Limited Partnership in respect of distributions received under the partnership agreement during the year.

1.5 Deferred taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

1.6 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

USAF GP NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

2 Operating result

Auditor's remuneration of £400 (2011: £400) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

3	Investment income	2012 £	2011 £
	Partnership income	20,000	20,000

4	Taxation	2012 £	2011 £
	Domestic current year tax		
	U.K. corporation tax	4,000	4,050
	Current tax charge	4,000	4,050
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	20,000	20,000
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 20.25%)	4,000	4,050
	Current tax charge	4,000	4,050

5	Dividends	2012 £	2011 £
	Ordinary interim paid	16,000	15,950

USAF GP NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6	Fixed asset investments	2012 £	2011 £
	Share in Limited Partnership	-	-

As General Partner of the USAF No. 1 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company.

USAF No. 1 Limited Partnership is registered as a limited partnership in England and Wales. The principal activity of the Limited Partnership is investment in student accommodation.

The net assets of USAF No. 1 Limited Partnership attributable to partners at 31 December 2012 were £130,780,000 (2011: £114,484,000) and the profit for the year ended 31 December 2012 was £14,853,000 (2011: £21,989,000).

7	Debtors	2012 £	2011 £
	Amounts owed by group undertakings	4,001	4,051

All debtors are due within one year.

8	Creditors: amounts falling due within one year	2012 £	2011 £
	Taxation and social security	4,000	4,050

9	Share capital	2012 £	2011 £
	Allotted, called up and fully paid		
	1 Ordinary shares of £1 each	1	1

USAF GP NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2012	-
Profit for the year	16,000
Dividends paid	(16,000)
	<hr/>
Balance at 31 December 2012	-
	<hr/>

11 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	16,000	15,950
Dividends	(16,000)	(15,950)
	<hr/>	<hr/>
Net depletion in shareholders' funds	-	-
Opening shareholders' funds	1	1
	<hr/>	<hr/>
Closing shareholders' funds	1	1
	<hr/>	<hr/>

12 Contingent liabilities

The company had no contingent liabilities at 31 December 2012 (31 December 2011: £nil).

13 Capital commitments

The company had no capital commitments at 31 December 2012 (31 December 2011: £nil).

14 Employees

The company had no employees, in either year.

15 Control

The company's immediate parent undertaking is USAF Holdings Limited.

The company's ultimate parent is the UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

USAF GP NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

16 Related party relationships and transactions

As the company is a wholly owned subsidiary of The UNITE UK Student Accommodation Fund, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

Company Registration No. 06714734 (England and Wales)

USAF GP NO. 10 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

USAF GP NO. 10 LIMITED

COMPANY INFORMATION

Directors	A D Reid J J Lister N Richards
Secretary	A D Reid
Company number	06714734
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF GP NO. 10 LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

USAF GP NO. 10 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011.

Principal activities

The principal activity of the company is acting as General Partner in the USAF No.10 Limited Partnership, a UK Limited Partnership. The directors declared and paid a dividend of £25,124 (2010: £17,889).

The company registration number is 06714734.

Directors

The following directors have held office since 1 January 2011:

A D Reid

J J Lister

J Granger

N Richards

(Resigned 26 September 2011)

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

USAF GP NO. 10 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



A D Reid

Secretary

26 September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USAF GP NO. 10 LIMITED

We have audited the financial statements of USAF GP No. 10 Limited for the year ended 31 December 2011 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

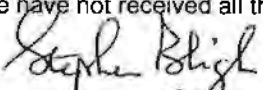
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Stephen Bligh (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

26 September 2012

15 Canada Square
LONDON
E14 5GL

USAF GP NO. 10 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover		-	-
Cost of sales		-	-
Operating result	2	-	-
Investment income	3	31,006	22,119
Profit on ordinary activities before taxation		31,006	22,119
Tax on profit on ordinary activities	4	(3,548)	(2,350)
Profit for the year	10	27,458	19,769

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no material difference between the result as disclosed in the profit and loss account and the result given by the unmodified historical cost basis.

USAF GP NO. 10 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Investments	6		1		-
Current assets					
Debtors	7	16,903		12,866	
Creditors: amounts falling due within one year	8	<u>(10,504)</u>		<u>(8,800)</u>	
Net current assets			6,399		4,066
Net assets			<u>6,400</u>		<u>4,066</u>
Capital and reserves					
Called up share capital	9		1		1
Profit and loss account	10		<u>6,399</u>		<u>4,065</u>
Shareholders' funds - equity interests	11		<u>6,400</u>		<u>4,066</u>

Approved by the Board and authorised for issue on 26 September 2012


N Richards
Director

USAF GP NO. 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

As General Partner of the USAF No.10 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Investment income

Investment income is recognised from the Limited Partnership in respect of distributions received under the partnership agreement during the year.

1.5 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Operating result

Auditor's remuneration of £400 (2010: £650) was borne by another group company

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

USAF GP NO. 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

3	Investment income	2011	2010
		£	£
	Partnership income	31,006	22,119
4	Taxation	2011	2010
		£	£
	Domestic current year tax		
	U.K. corporation tax	3,548	2,350
	Current tax charge	3,548	2,350
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	31,006	22,119
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.25% (2010 - 21.00%)	6,279	4,645
	Effects of:		
	Non taxable partnership income	(2,731)	(2,295)
		(2,731)	(2,295)
	Current tax charge	3,548	2,350
5	Dividends	2011	2010
		£	£
	Ordinary final paid	25,124	17,889

USAF GP NO. 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

6 Fixed asset investments

	2011 £	2010 £
Investment in subsidiary undertaking	1	-
Share in Limited Partnership	-	-
	<u>1</u>	<u>-</u>

The company owns 100% of the issued share capital of Filbert Village GP Limited, a UK registered company, whose principal activity is that of a General Partner in a UK Limited Partnership.

As General Partner of the USAF No. 10 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company. USAF No. 10 Limited Partnership is registered as a limited partnership in England and Wales. The principal activity of the partnership is investment in student accommodation.

The net assets of USAF No. 10 Limited Partnership at 31 December 2011 were £64,686,000 (31 December 2010: £56,971,000) and its profit for the year ended 31 December 2011 was £7,784,000 (year ended 31 December 2010: £3,418,000).

The net assets of Filbert Village GP Limited at 31 December 2011 were £5,344 and its profit for the year ended 31 December 2011 was £1,994.

7 Debtors

	2011 £	2010 £
Amounts owed by group undertakings	<u>16,903</u>	<u>12,866</u>

All debtors are due within one year.

8 Creditors: amounts falling due within one year

	2011 £	2010 £
Amounts owed to group undertakings	6,956	6,450
Taxation	3,548	2,350
	<u>10,504</u>	<u>8,800</u>

9 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

USAF GP NO. 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2011	4,065
Profit for the year	27,458
Dividends paid	(25,124)
Balance at 31 December 2011	6,399

11 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	27,458	19,769
Dividends	(25,124)	(17,889)
Net addition to shareholders' funds	2,334	1,880
Opening shareholders' funds	4,066	2,186
Closing shareholders' funds	6,400	4,066

12 Contingent liabilities

The company had no contingent liabilities at 31 December 2011 (31 December 2010: £nil).

13 Capital commitments

The company had no capital commitments at 31 December 2011 (31 December 2010: £nil)

14 Employees

There were no employees in either year.

15 Control

The company's immediate parent undertaking is USAF Holdings E Limited

The company's ultimate parent is the UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

USAF GP NO. 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

16 Related party transactions

As the company is a wholly owned subsidiary of The UNITE UK Student Accommodation Fund, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

Company Registration No. 06714734 (England and Wales)

USAF GP NO. 10 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

USAF GP NO. 10 LIMITED

COMPANY INFORMATION

Directors	C R Szpojnarowicz (Appointed 25 March 2013) J J Lister N Richards
Secretary	C R Szpojnarowicz
Company number	06714734
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF GP NO. 10 LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

USAF GP NO. 10 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012.

Principal activities

The principal activity of the company is acting as General Partner in the USAF No.10 Limited Partnership, a UK Limited Partnership. The directors declared and paid a dividend of £22,269 (2011: £25,124).

The company registration number is 06714734.

Directors

The following directors have held office since 1 January 2012:

A D Reid	(Resigned 25 March 2013)
C R Szpojnarowicz	(Appointed 25 March 2013)
J J Lister	
N Richards	

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

USAF GP NO. 10 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

.....
C R Szpojnarowicz
Secretary
.....

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF USAF GP NO. 10 LIMITED

We have audited the financial statements of USAF GP No. 10 Limited for the year ended 31 December 2012 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Meredith (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

.....

15 Canada Square
LONDON
E14 5GL

USAF GP NO. 10 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover		-	-
Cost of sales		-	-
Operating result	2	-	-
Investment income	3	27,460	31,006
Profit on ordinary activities before taxation		27,460	31,006
Tax on profit on ordinary activities	4	(5,191)	(3,548)
Profit for the year	10	22,269	27,458

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no material difference between the result as disclosed in the profit and loss account and the result given by the unmodified historical cost basis.

USAF GP NO. 10 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Investments	6		1		1
Current assets					
Debtors	7	17,886		16,903	
Creditors: amounts falling due within one year	8	<u>(11,487)</u>		<u>(10,504)</u>	
Net current assets			<u>6,399</u>		<u>6,399</u>
Net assets			<u>6,400</u>		<u>6,400</u>
Capital and reserves					
Called up share capital	9		1		1
Profit and loss account	10		<u>6,399</u>		<u>6,399</u>
Shareholders' funds - equity interests	11		<u>6,400</u>		<u>6,400</u>

Approved by the Board and authorised for issue on

.....
N Richards
Director

USAF GP NO. 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

As General Partner of the USAF No.10 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Investment income

Investment income is recognised from the Limited Partnership in respect of distributions received under the partnership agreement during the year.

1.5 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Operating result

Auditor's remuneration of £400 (2011: £400) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

USAF GP NO. 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

3	Investment income	2012	2011
		£	£
	Partnership income	27,460	31,006
4	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U.K. corporation tax	5,191	3,548
	Current tax charge	5,191	3,548
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	27,460	31,006
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 20.25%)	5,492	6,279
	Effects of:		
	Non taxable partnership income	(301)	(2,731)
		(301)	(2,731)
	Current tax charge	5,191	3,548
5	Dividends	2012	2011
		£	£
	Ordinary final paid	22,269	25,124

USAF GP NO. 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6 Fixed asset investments

	2012 £	2011 £
Investment in subsidiary undertaking	1	1
Share in Limited Partnership	-	-
	<u>-</u>	<u>1</u>

The company owns 100% of the issued share capital of Filbert Village GP Limited, a UK registered company, whose principal activity is that of a General Partner in a UK Limited Partnership.

As General Partner of the USAF No. 10 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company. USAF No. 10 Limited Partnership is registered as a limited partnership in England and Wales. The principal activity of the partnership is investment in student accommodation.

The net assets of USAF No. 10 Limited Partnership at 31 December 2012 were £62,118,000 (31 December 2011: £64,686,000) and its profit for the year ended 31 December 2012 was £7,816,000 (year ended 31 December 2011: £7,784,000).

The net assets of Filbert Village GP Limited at 31 December 2012 were £5,344 (2011: £5,344) and its profit for the year ended 31 December 2012 was £1,500 (2011: £1,994).

7 Debtors

	2012 £	2011 £
Amounts owed by group undertakings	<u>17,886</u>	<u>16,903</u>

All debtors are due within one year.

8 Creditors: amounts falling due within one year

	2012 £	2011 £
Amounts owed to group undertakings	6,296	6,956
Taxation	5,191	3,548
	<u>11,487</u>	<u>10,504</u>

9 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

USAF GP NO. 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2012	6,399
Profit for the year	22,269
Dividends paid	(22,269)
Balance at 31 December 2012	6,399

11 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	22,269	27,458
Dividends	(22,269)	(25,124)
Net addition to shareholders' funds	-	2,334
Opening shareholders' funds	6,400	4,066
Closing shareholders' funds	6,400	6,400

12 Contingent liabilities

The company had no contingent liabilities at 31 December 2012 (31 December 2011: £nil).

13 Capital commitments

The company had no capital commitments at 31 December 2012 (31 December 2011: £nil).

14 Employees

There were no employees in either year.

15 Control

The company's immediate parent undertaking is USAF Holdings E Limited.

The company's ultimate parent is the UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

USAF GP NO. 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

16 Related party transactions

As the company is a wholly owned subsidiary of The UNITE UK Student Accommodation Fund, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

Company Registration No. 06016554 (England and Wales)

FILBERT VILLAGE GP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

FILBERT VILLAGE GP LIMITED

COMPANY INFORMATION

Directors	J J Lister A D Reid N Richards (Appointed 12 December 2011)
Secretary	A D Reid
Company number	06016554
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

FILBERT VILLAGE GP LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

FILBERT VILLAGE GP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011.

Principal activities

The principal activity of the company is that of General Partner in the Filbert Village Student Accommodation Limited Partnership. The directors recommend the payment of a dividend of £1,994 (31 December 2010: £1,975).

The company registration number is 06016554.

Directors

The following directors have held office since 1 January 2011:

J J Lister

A D Reid

M P Bennett

N Richards

(Resigned 12 December 2011)

(Appointed 12 December 2011)

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

FILBERT VILLAGE GP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



A D Reid

Secretary

26 September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FILBERT VILLAGE GP LIMITED

We have audited the financial statements of Filbert Village GP Limited for the year ended 31 December 2011 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

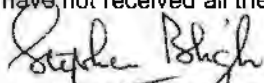
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Stephen Bligh (Senior Statutory Auditor)

**for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants**

26 September 2012

15 Canada Square
LONDON
E14 5GL

FILBERT VILLAGE GP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover		-	-
Cost of sales		-	-
Operating result	2	-	-
Investment income	3	2,500	2,500
Profit on ordinary activities before taxation		2,500	2,500
Tax on profit on ordinary activities	4	(506)	(525)
Profit for the year	10	1,994	1,975

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no material difference between the result as disclosed in the profit and loss account and the result given by the unmodified historical cost basis.

FILBERT VILLAGE GP LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Investments	6		-		-
Current assets					
Debtors	7	6,375		5,869	
Creditors: amounts falling due within one year	8	(1,031)		(525)	
Net assets			5,344		5,344
Capital and reserves					
Called up share capital	9		1		1
Profit and loss account	10		5,343		5,343
Shareholders' funds - equity interests	11		5,344		5,344

Approved by the Board and authorised for issue on 26 September 2012


N Richards
Director

FILBERT VILLAGE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

As General Partner of the Filbert Village Student Accommodation Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the Company. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investment income

Investment income is recognised from the Limited Partnership in respect of management services carried out during the year.

1.4 Deferred taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

1.5 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

FILBERT VILLAGE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

2 Operating result

Auditor's remuneration of £400 (2010: £650) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE Group plc are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

3 Investment income	2011	2010
	£	£
Distributions receivable from UK Limited Partnerships	2,500	2,500
4 Taxation	2011	2010
	£	£
Domestic current year tax		
U.K. corporation tax	506	525
Current tax charge	506	525
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	2,500	2,500
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.25% (2010 - 21.00%)	506	525
Current tax charge	506	525
5 Dividends	2011	2010
	£	£
Ordinary interim paid	1,994	1,975

FILBERT VILLAGE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

6 Fixed asset investments

	Shares in participating interests £
Cost	
At beginning and end of year	-

As General Partner of the Filbert Village Student Accommodation Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company. The Filbert Village Student Accommodation Limited Partnership is registered as a limited partnership in England and Wales.

The net assets of Filbert Village Limited Partnership at 31 December 2011 were £13,064,000 (31 December 2010: £11,994,000) and the profit for the year was £3,046,000 (year ended 31 December 2010: £3,905,000).

7 Debtors	2011 £	2010 £
Amounts owed by group undertakings	6,375	5,869
All debtors are due within one year.		

8 Creditors: amounts falling due within one year	2011 £	2010 £
Corporation tax	1,031	525

9 Share capital	2011 £	2010 £
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1

FILBERT VILLAGE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2011	5,343
Profit for the year	1,994
Dividends paid	(1,994)
Balance at 31 December 2011	5,343

11 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	1,994	1,975
Dividends	(1,994)	(1,975)
Net depletion in shareholders' funds	-	-
Opening shareholders' funds	5,344	5,344
Closing shareholders' funds	5,344	5,344

12 Contingent liabilities

The company had no contingent liabilities at 31 December 2011 (31 December 2010: £nil).

13 Capital commitments

The company had no capital commitments at 31 December 2011 (31 December 2010: £nil).

14 Employees

There were no employees in either year.

15 Control

The company's immediate parent undertaking is USAF GP No 10 Limited.

The company's ultimate parent undertaking is UK Student Accommodation Fund.

Company Registration No. 06016554 (England and Wales)

FILBERT VILLAGE GP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

FILBERT VILLAGE GP LIMITED

COMPANY INFORMATION

Directors	J J Lister N Richards C R Szpojnarowicz (Appointed 4 March 2013)
Secretary	C R Szpojnarowicz
Company number	06016554
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

FILBERT VILLAGE GP LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

FILBERT VILLAGE GP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012.

Principal activities

The principal activity of the company is that of General Partner in the Filbert Village Student Accommodation Limited Partnership. The directors recommend the payment of a dividend of £1,500 (31 December 2011: £1,994).

The company registration number is 06016554.

Directors

The following directors have held office since 1 January 2012:

J J Lister

A D Reid

(Resigned 4 March 2013)

N Richards

C R Szpojnarowicz

(Appointed 4 March 2013)

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

FILBERT VILLAGE GP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

.....
C R Szpojarowicz
Secretary
.....

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FILBERT VILLAGE GP LIMITED

We have audited the financial statements of Filbert Village GP Limited for the year ended 31 December 2012 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc

.....

Chartered Accountants
Statutory Auditor

15 Canada Square
LONDON
E14 5GL

FILBERT VILLAGE GP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover		-	-
Cost of sales		-	-
Operating result	2	-	-
Investment income	3	1,875	2,500
Profit on ordinary activities before taxation		1,875	2,500
Tax on profit on ordinary activities	4	(375)	(506)
Profit for the year	10	1,500	1,994

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no material difference between the result as disclosed in the profit and loss account and the result given by the unmodified historical cost basis.

FILBERT VILLAGE GP LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Investments	6		-		-
Current assets					
Debtors	7	5,719		6,375	
Creditors: amounts falling due within one year	8	(375)		(1,031)	
Net assets			5,344		5,344
Capital and reserves					
Called up share capital	9		1		1
Profit and loss account	10		5,343		5,343
Shareholders' funds - equity interests	11		5,344		5,344

Approved by the Board and authorised for issue on

.....
N Richards
Director

FILBERT VILLAGE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

As General Partner of the Filbert Village Student Accommodation Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the Company. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investment income

Investment income is recognised from the Limited Partnership in respect of management services carried out during the year.

1.4 Deferred taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

1.5 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

FILBERT VILLAGE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

2 Operating result

Auditor's remuneration of £400 (2011: £400) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE Group plc are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

3	Investment income	2012	2011
		£	£
	Distributions receivable from UK Limited Partnerships	1,875	2,500
		<u> </u>	<u> </u>
4	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U.K. corporation tax	375	506
		<u> </u>	<u> </u>
	Current tax charge	<u>375</u>	<u>506</u>
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,875	2,500
		<u> </u>	<u> </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 20.25%)	375	506
		<u> </u>	<u> </u>
	Current tax charge	<u>375</u>	<u>506</u>
		<u> </u>	<u> </u>
5	Dividends	2012	2011
		£	£
	Ordinary interim paid	1,500	1,994
		<u> </u>	<u> </u>

FILBERT VILLAGE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6 Fixed asset investments

	Shares in participating interests £
Cost	
At beginning and end of year	-

As General Partner of the Filbert Village Student Accommodation Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company.

The Filbert Village Student Accommodation Limited Partnership is registered as a limited partnership in England and Wales.

The net assets of Filbert Village Limited Student Accommodation Limited Partnership attributable to partners at 31 December 2012 were £10,172,000 (2011: £13,064,000) and the loss for the year ended 31 December 2012 was £2,892,000 (2011: profit of £1,070,000).

7 Debtors	2012	2011
	£	£
Amounts owed by group undertakings	5,719	6,375
All debtors are due within one year.		
8 Creditors: amounts falling due within one year	2012	2011
	£	£
Corporation tax	375	1,031
9 Share capital	2012	2011
	£	£
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1

FILBERT VILLAGE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2012	5,343
Profit for the year	1,500
Dividends paid	(1,500)
Balance at 31 December 2012	5,343

11 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	1,500	1,994
Dividends	(1,500)	(1,994)
Net depletion in shareholders' funds	-	-
Opening shareholders' funds	5,344	5,344
Closing shareholders' funds	5,344	5,344

12 Contingent liabilities

The company had no contingent liabilities at 31 December 2012 (31 December 2011: £nil).

13 Capital commitments

The company had no capital commitments at 31 December 2012 (31 December 2011: £nil).

14 Employees

There were no employees in either year.

15 Control

The company's immediate parent undertaking is USAF GP No 10 Limited.

The company's ultimate parent undertaking is UK Student Accommodation Fund.

FILBERT VILLAGE GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

16 Related party transactions

As the company is a wholly owned subsidiary of The UNITE UK Student Accommodation Fund, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group entities on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

Company Registration No. 05862721 (England and Wales)

USAF MANAGEMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

USAF MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	M C Allan J J Lister A D Reid N Richards (Appointed 1 March 2012)
Secretary	A D Reid
Company number	05862721
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF MANAGEMENT LIMITED

CONTENTS

	Page
Directors' report	1
Directors' reponsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 9

USAF MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011.

Principal activities and review of the business

The company's principal activity is the management of investment property. The directors do not recommend the payment of a dividend (2010: £nil).

The company registration number is 05862721.

Directors

The following directors have held office since 1 January 2011:

M C Allan

M P Bennett

(Resigned 1 March 2012)

J J Lister

A D Reid

J Granger

(Resigned 26 September 2011)

N Richards

(Appointed 1 March 2012)

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

USAF MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

A D Reid
Secretary

21 September 2012

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF USAF MANAGEMENT LIMITED

We have audited the financial statements of USAF Management Limited for the year ended 31 December 2011 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its result for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Bligh (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

21 September 2012

15 Canada Square
LONDON
EC4Y 8BB

USAF MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	54,058,003	52,045,244
Cost of sales		(54,058,003)	(52,031,600)
Result/profit on ordinary activities before taxation	3	-	13,644
Tax on result/profit on ordinary activities	4	-	-
Result/profit for the year		-	13,644

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no difference between the result for the year as stated above and its historical cost equivalent.

USAF MANAGEMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Current assets					
Debtors	5	7,325,041		7,225,009	
Cash at bank and in hand		2,869,471		2,372,130	
		<u>10,194,512</u>		<u>9,597,139</u>	
Creditors: amounts falling due within one year	6	(10,194,511)		(9,597,138)	
Net assets			<u>1</u>		<u>1</u>
Capital and reserves					
Called up share capital	7		<u>1</u>		<u>1</u>
Shareholders' funds	8		<u>1</u>		<u>1</u>

The financial statements were approved by the Board on 21 September 2012 and signed on its behalf by

N Richards
Director

USAF MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover from investment property leased out under an intra group management lease is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

1.4 Deferred taxation

The charge for taxation is based on the result for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

2 Turnover

Turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

USAF MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

3	Profit on ordinary activities before taxation	2011 £	2010 £
---	---	-----------	-----------

Profit on ordinary activities is stated after crediting

Rental income received under operating lease rentals	54,058,003	52,045,244
--	------------	------------

Auditor's remuneration of £500 (2010: £650) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE Group plc are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

4	Taxation	2011 £	2010 £
---	----------	-----------	-----------

Total current tax	-	-
--------------------------	---	---

Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	-	13,644
---	---	--------

Profit on ordinary activities before taxation multiplied by standard rate of

UK corporation tax of 26.49% (2010 - 28.00%)	-	3,820
--	---	-------

Effects of:

Group relief claimed	-	(3,820)
----------------------	---	---------

Current tax charge for the year	-	-
--	---	---

5	Debtors	2011 £	2010 £
---	---------	-----------	-----------

Other debtors	6,752,959	6,564,517
---------------	-----------	-----------

Prepayments and accrued income	572,082	660,492
--------------------------------	---------	---------

	7,325,041	7,225,009
--	-----------	-----------

USAF MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

6	Creditors: amounts falling due within one year	2011	2010
		£	£
	Amounts owed to group undertakings	6,870,293	7,234,470
	Other creditors	3,324,218	2,362,668
		<u>10,194,511</u>	<u>9,597,138</u>
7	Share capital	2011	2010
		£	£
	Allotted, called up and fully paid		
	1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
8	Reconciliation of movements in shareholders' funds	2011	2010
		£	£
	Profit for the financial year	-	13,644
	Opening shareholders' funds	<u>1</u>	<u>(13,643)</u>
	Closing shareholders' funds	<u>1</u>	<u>1</u>

9 Contingent liabilities

The company had no contingent liabilities at 31 December 2011 (31 December 2010: £nil).

10 Commitments

Under the terms of an intercompany lease agreement, the company is required to pay rental income less related expenditure ('net turnover rent') to the property owning company. The net turnover rent paid in the year was £33,956,159 (year ended 31 December 2010: £32,594,310). The company had no other capital commitments at 31 December 2011 (31 December 2010: £nil).

11 Employees

There were no employees during either year.

USAF MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

12 Control

The company's immediate parent undertaking is LDC (Holdings) plc.

The company's ultimate parent undertaking is The UNITE Group plc. The largest and smallest group in which the results of the company are consolidated is that headed by The UNITE Group plc. The consolidated accounts of this company are available to the public and can be obtained from The Core, 40 St Thomas Street, BRISTOL, BS1 6JX.

13 Related party transactions

As the company is a wholly owned subsidiary of The UNITE Group plc, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

Transactions with related parties at 31 December 2011 were as follows:

Turnover rent paid to USAF partnerships under the partnership agreement: £33,956,160 (year ended 31 December 2010: £32,594,310).

Amounts due from USAF partnerships under the partnership agreement at 31 December 2011: £6,089,168 (2010: £6,108,350).

Company Registration No. 05862721 (England and Wales)

USAF MANAGEMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

USAF MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	M C Allan J J Lister N Richards (Appointed 1 March 2012)
Secretary	C R Szpojnarowicz
Company number	05862721
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF MANAGEMENT LIMITED

CONTENTS

	Page
Directors' report	1
Directors' reponsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 9

USAF MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012.

Principal activities and review of the business

The company's principal activity is the management of investment property. The directors do not recommend the payment of a dividend (2011: £nil).

The company registration number is 05862721.

Directors

The following directors have held office since 1 January 2012:

M C Allan

J J Lister

A D Reid

(Resigned 16 April 2013)

M P Bennett

(Resigned 1 March 2012)

N Richards

(Appointed 1 March 2012)

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

USAF MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

.....

.....

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF USAF MANAGEMENT LIMITED

We have audited the financial statements of USAF Management Limited for the year ended 31 December 2012 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its result for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Meredith (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

.....

15 Canada Square
LONDON
EC4Y 8BB

USAF MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	54,265,420	54,058,003
Cost of sales		(54,265,420)	(54,058,003)
		<hr/>	<hr/>
Result on ordinary activities before taxation	3	-	-
Tax on result on ordinary activities	4	-	-
		<hr/>	<hr/>
Result for the year		-	-
		<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no difference between the result for the year as stated above and its historical cost equivalent.

USAF MANAGEMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Current assets					
Debtors	5	11,522,796		7,325,041	
Cash at bank and in hand		2,602,206		2,869,471	
		<u>14,125,002</u>		<u>10,194,512</u>	
Creditors: amounts falling due within one year	6	(14,125,001)		(10,194,511)	
Net assets			<u>1</u>		<u>1</u>
Capital and reserves					
Called up share capital	7		<u>1</u>		<u>1</u>
Shareholders' funds	8		<u>1</u>		<u>1</u>

The financial statements were approved by the Board on
and signed on its behalf by

.....

N Richards

Director

USAF MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover from investment property leased out under an intra group management lease is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

1.4 Deferred taxation

The charge for taxation is based on the result for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

2 Turnover

Turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

USAF MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

3	Profit on ordinary activities before taxation	2012	2011
		£	£
	Profit on ordinary activities is stated after crediting		
	Rental income received under operating lease rentals	54,265,420	54,058,003
		<u> </u>	<u> </u>
	Auditor's remuneration of £500 (2011: £500) was borne by another group company.		
	Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE Group plc are required to disclose non audit fees on a consolidated basis.		
	Directors' remuneration was borne by another group company in respect of both years.		
4	Taxation	2012	2011
		£	£
	Total current tax	-	-
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	-	-
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
	Current tax charge for the year	-	-
		<u> </u>	<u> </u>
5	Debtors	2012	2011
		£	£
	Other debtors	10,871,429	6,752,959
	Prepayments and accrued income	651,367	572,082
		<u> </u>	<u> </u>
		11,522,796	7,325,041
		<u> </u>	<u> </u>
6	Creditors: amounts falling due within one year	2012	2011
		£	£
	Amounts owed to group undertakings	11,167,403	6,870,293
	Other creditors	2,957,598	3,324,218
		<u> </u>	<u> </u>
		14,125,001	10,194,511
		<u> </u>	<u> </u>

USAF MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

7	Share capital	2012	2011
		£	£
	Allotted, called up and fully paid		
	1 Ordinary shares of £1 each	1	1
		<u>1</u>	<u>1</u>
8	Reconciliation of movements in shareholders' funds	2012	2011
		£	£
	Result for the financial year	-	-
	Opening shareholders' funds	1	1
		<u>1</u>	<u>1</u>
	Closing shareholders' funds	1	1
		<u>1</u>	<u>1</u>

9 Contingent liabilities

The company had no contingent liabilities at 31 December 2012 (31 December 2011: £nil).

10 Commitments

Under the terms of an intercompany lease agreement, the company is required to pay rental income less related expenditure ('net turnover rent') to the property owning company. The net turnover rent paid in the year was £34,200,240 (year ended 31 December 2011: £33,956,159). The company had no other capital commitments at 31 December 2012 (31 December 2011: £nil).

11 Employees

There were no employees during either year.

12 Control

The company's immediate parent undertaking is LDC (Holdings) plc.

The company's ultimate parent undertaking is The UNITE Group plc. The largest and smallest group in which the results of the company are consolidated is that headed by The UNITE Group plc. The consolidated accounts of this company are available to the public and can be obtained from The Core, 40 St Thomas Street, BRISTOL, BS1 6JX.

USAF MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

13 Related party transactions

As the company is a wholly owned subsidiary of The UNITE Group plc, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

Transactions with related parties at 31 December 2012 were as follows:

The company pays up net turnover rent to three UK Limited Partnerships (USAF Partnerships) whose principal limited partner is The UNITE UK Student Accommodation Fund (the 'Fund'). Subsidiaries of The UNITE Group plc are both a 10% limited partner in each of the partnerships and also unitholders in the Fund.

Turnover rent paid to USAF partnerships under the partnership agreement: £34,200,240 (year ended 31 December 2011: £33,956,160).

Amounts due from USAF partnerships under the partnership agreement at 31 December 2012: £10,195,999 (2011: £6,089,168).

Company Registration No. 06714695 (England and Wales)

USAF MANAGEMENT 10 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

USAF MANAGEMENT 10 LIMITED

COMPANY INFORMATION

Directors	M C Allan J J Lister A D Reid N Richards (Appointed 9 April 2012)
Secretary	A D Reid
Company number	06714695
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF MANAGEMENT 10 LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 9

USAF MANAGEMENT 10 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011.

Principal activities

The principal activity of the company is that of property management. The directors do not recommend the payment of a dividend (2010: £nil).

The company's registration number is 06714695.

Directors

The following directors have held office since 1 January 2011:

M C Allan

M P Bennett

(Resigned 1 March 2012)

J J Lister

A D Reid

J Granger

(Resigned 26 September 2011)

N Richards

(Appointed 9 April 2012)

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

USAF MANAGEMENT 10 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

A D Reid
Secretary

21 September 2012

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF USAF MANAGEMENT 10 LIMITED

We have audited the financial statements of USAF Management 10 Limited for the year ended 31 December 2011 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its result for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Bligh (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

21 September 2012

15 Canada Square
LONDON
E14 5GL

USAF MANAGEMENT 10 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	18,516,929	15,081,019
Cost of sales		(18,516,929)	(15,081,019)
		<hr/>	<hr/>
Result on ordinary activities before taxation	3	-	-
Tax on result on ordinary activities	4	-	-
		<hr/>	<hr/>
Result for the year		-	-
		<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no difference between the result as disclosed in the profit and loss account and the result given by the unmodified cost basis.

USAF MANAGEMENT 10 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Current assets					
Debtors	5	2,877,045		3,225,722	
Cash at bank and in hand		1,880,483		488,255	
		<u>4,757,528</u>		<u>3,713,977</u>	
Creditors: amounts falling due within one year	6	<u>(4,757,527)</u>		<u>(3,713,976)</u>	
Net assets			<u>1</u>		<u>1</u>
Capital and reserves					
Called up share capital	7		<u>1</u>		<u>1</u>
Shareholders' funds - equity interests	8		<u>1</u>		<u>1</u>

Approved by the Board and authorised for issue on 21 September 2012

N Richards
Director

USAF MANAGEMENT 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover from investment property leased out under an intra group management lease is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

1.4 Deferred taxation

The charge for taxation is based on the result for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

2 Turnover

Turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

USAF MANAGEMENT 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

3	Result on ordinary activities before taxation	2011	2010
		£	£

Result on ordinary activities before taxation is stated after crediting:

Rental income received under operating leases	(18,516,929)	(15,081,019)
	<u> </u>	<u> </u>

Auditor's remuneration of £500 (2010: £650) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE Group plc are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of the year.

4	Taxation	2011	2010
		£	£

Current tax charge	-	-
	<u> </u>	<u> </u>

Factors affecting the tax charge for the year

Result on ordinary activities before taxation	-	-
	<u> </u>	<u> </u>

Result on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.49% (2010 - 28.00%)

	-	-
	<u> </u>	<u> </u>

Current tax charge

	-	-
	<u> </u>	<u> </u>

5	Debtors	2011	2010
		£	£

Amounts owed by group undertakings	2,648,540	3,031,318
Other debtors	228,505	194,404
	<u> </u>	<u> </u>
	2,877,045	3,225,722
	<u> </u>	<u> </u>

All debtors are due within one year.

USAF MANAGEMENT 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

6	Creditors: amounts falling due within one year	2011	2010
		£	£
	Amounts owed to group undertakings	358,678	507,470
	Amounts owed to related parties	3,288,752	2,577,835
	Accruals and deferred income	1,110,097	628,671
		<hr/>	<hr/>
		4,757,527	3,713,976
		<hr/>	<hr/>

7	Share capital	2011	2010
		£	£
	Allotted, called up and fully paid		
	1 Ordinary shares of £1 each	1	1
		<hr/>	<hr/>

8	Reconciliation of movements in shareholders' funds	2011	2010
		£	£
	Result for the financial year	-	-
	Opening shareholder's funds	1	1
		<hr/>	<hr/>
	Closing shareholder's funds	1	1
		<hr/>	<hr/>

9 Contingent liabilities

The company had no contingent liabilities at 31 December 2011 (31 December 2010: £nil).

10 Commitments

Under the terms of an intercompany lease agreement, the company is required to pay rental income less related expenditure ('net turnover rent') to the property owning company. The net turnover rent paid in the year was £12,184,418 (period ended 31 December 2010: £9,543,178). The company had no other capital commitments at 31 December 2011 (31 December 2010: £nil).

11 Employees

There were no employees during either year.

USAF MANAGEMENT 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

12 Control

The company's immediate parent undertaking is LDC (Holdings) plc.

The company's ultimate parent undertaking is The UNITE Group plc. The largest and smallest group in which the results of the company are consolidated is that headed by The UNITE Group plc. The consolidated accounts of this company are available to the public and can be obtained from The Core, 40 St Thomas Street, BRISTOL, BS1 6JX.

13 Related party transactions

As the company is a wholly owned subsidiary of The UNITE Group plc, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

Transactions with related parties at 31 December 2011 were as follows:

Turnover rent paid to USAF No 10 Limited Partnership: £12,184,418 (year ended 31 December 2010: £9,543,178).

Amounts due to USAF No 10 Limited Partnership at 31 December 2011: Amounts due to related parties: £3,288,752 (31 December 2010: £2,577,835).

Company Registration No. 06714695 (England and Wales)

USAF MANAGEMENT 10 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

USAF MANAGEMENT 10 LIMITED

COMPANY INFORMATION

Directors

M C Allan
J J Lister
N Richards (Appointed 9 April 2012)
C R Szpojnarowicz (Appointed 18 April 2013)

Secretary

C R Szpojnarowicz

Company number

06714695

Registered office

The Core
40 St Thomas Street
BRISTOL
BS1 6JX

Auditor

KPMG Audit Plc
15 Canada Square
LONDON
E14 5GL

Business address

The Core
40 St Thomas Street
BRISTOL
BS1 6JX

USAF MANAGEMENT 10 LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 9

USAF MANAGEMENT 10 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012.

Principal activities

The principal activity of the company is that of property management. The directors do not recommend the payment of a dividend (2011: £nil).

The company's registration number is 06714695.

Directors

The following directors have held office since 1 January 2012:

M C Allan

J J Lister

A D Reid

(Resigned 18 April 2013)

N Richards

(Appointed 9 April 2012)

C R Szpojnarowicz

(Appointed 18 April 2013)

M P Bennett

(Resigned 1 March 2012)

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

USAF MANAGEMENT 10 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

.....
C R Szpojarowicz
Secretary
.....

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF USAF MANAGEMENT 10 LIMITED

We have audited the financial statements of USAF Management 10 Limited for the year ended 31 December 2012 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its result for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Meredith (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square
LONDON
E14 5GL

USAF MANAGEMENT 10 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	19,598,638	18,516,929
Cost of sales		(19,598,638)	(18,516,929)
		<hr/>	<hr/>
Result on ordinary activities before taxation	3	-	-
Tax on result on ordinary activities	4	-	-
		<hr/>	<hr/>
Result for the year		<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no difference between the result as disclosed in the profit and loss account and the result given by the unmodified cost basis.

USAF MANAGEMENT 10 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Current assets					
Debtors	5	1,171,631		2,877,045	
Cash at bank and in hand		2,974,299		1,880,483	
		<u>4,145,930</u>		<u>4,757,528</u>	
Creditors: amounts falling due within one year	6	(4,145,929)		(4,757,527)	
Net assets			<u>1</u>		<u>1</u>
Capital and reserves					
Called up share capital	7		<u>1</u>		<u>1</u>
Shareholders' funds - equity interests	8		<u>1</u>		<u>1</u>

Approved by the Board and authorised for issue on

.....
N Richards
Director

USAF MANAGEMENT 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover from investment property leased out under an intra group management lease is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

1.4 Deferred taxation

The charge for taxation is based on the result for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

2 Turnover

Turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

USAF MANAGEMENT 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

3	Result on ordinary activities before taxation	2012 £	2011 £
---	---	-----------	-----------

Result on ordinary activities before taxation is stated after crediting:

Rental income received under operating leases	(19,598,638)	(18,516,929)
---	--------------	--------------

Auditor's remuneration of £500 (2011: £500) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE Group plc are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of the year.

4	Taxation	2012 £	2011 £
---	----------	-----------	-----------

Current tax charge	-	-
--------------------	---	---

Factors affecting the tax charge for the year

Result on ordinary activities before taxation	-	-
---	---	---

Result on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.49%)

Current tax charge	-	-
--------------------	---	---

5	Debtors	2012 £	2011 £
---	---------	-----------	-----------

Amounts owed by group undertakings	1,027,743	2,648,540
Other debtors	143,888	228,505
	1,171,631	2,877,045

All debtors are due within one year.

USAF MANAGEMENT 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6 Creditors: amounts falling due within one year	2012	2011
	£	£
Amounts owed to group undertakings	372,713	358,678
Amounts owed to related parties	2,728,108	3,288,752
Accruals and deferred income	1,045,108	1,110,097
	<u>4,145,929</u>	<u>4,757,527</u>

7 Share capital	2012	2011
	£	£
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

8 Reconciliation of movements in shareholders' funds	2012	2011
	£	£
Result for the financial year	-	-
Opening shareholder's funds	<u>1</u>	<u>1</u>
Closing shareholder's funds	<u>1</u>	<u>1</u>

9 Contingent liabilities

The company had no contingent liabilities at 31 December 2012 (31 December 2011: £nil).

10 Commitments

Under the terms of an intercompany lease agreement, the company is required to pay rental income less related expenditure ('net turnover rent') to the property owning company. The net turnover rent paid in the year was £12,746,614 (year ended 31 December 2011: £12,184,418). The company had no other capital commitments at 31 December 2012 (31 December 2011: £nil).

11 Employees

There were no employees during either year.

USAF MANAGEMENT 10 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

12 Control

The company's immediate parent undertaking is LDC (Holdings) plc.

The company's ultimate parent undertaking is The UNITE Group plc. The largest and smallest group in which the results of the company are consolidated is that headed by The UNITE Group plc. The consolidated accounts of this company are available to the public and can be obtained from The Core, 40 St Thomas Street, BRISTOL, BS1 6JX.

13 Related party transactions

As the company is a wholly owned subsidiary of The UNITE Group plc, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

Transactions with related parties at 31 December 2012 were as follows:

Turnover rent paid to USAF No 10 Limited Partnership: £12,746,614 (year ended 31 December 2011: £12,184,418).

Amounts due to USAF No 10 Limited Partnership at 31 December 2012: Amounts due to related parties: £2,728,107 (31 December 2011: £3,288,752).

USAF No. 4 Limited Partnership

Partners' report and financial statements

Registered number LP011473

Year ended 31 December 2011

Contents

Report of the General Partner	1
Statement of General Partner's responsibilities	2
Independent auditor's report to the Partners of USAF No.4 Limited Partnership	3
Profit and loss account	4
Statement of total recognised gains and losses	4
Balance sheet	5
Cash flow statement	6
Notes	7

Report of the General Partner

USAF GP No.4 Limited ('the General Partner') presents the audited financial statements for USAF No. 4 Limited Partnership ('the Partnership') for the year ended 31 December 2011.

Principal activity, results and income distributions

The principal activity of the partnership during the year was the management and holding of student accommodation for investment purposes. The results for the year are shown on page 4. Income distributions of £381,000 were made during the year (year ended 31 December 2010: £284,000).

The Partnership

The Partnership was established on 18 July 2006 and was registered as a Limited Partnership under the Limited Partnership Act 1907 on 21 July 2006.

Designated partners

The designated partners during the year were as follows:

USAF LP Limited (Limited Partner)

USAF GP No.4 Limited (General Partner)

UNITE UK Student Accommodation Fund (Limited Partner)

UNITE Discretionary Trust (Limited Partner)

Partners' capital and profit shares

The partners interests in the partnership and their profit sharing arrangement at the end of the year was as follows:

USAF LP Limited	10.00 %
UNITE UK Student Accommodation Fund	89.97%
Unite Discretionary Trust	0.03%

Disclosure of information to auditor

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditor is unaware; and the General Partner has taken all the steps that they ought to have taken as General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

Auditor

KPMG Audit Plc will be proposed for re-appointment.

Approved by

AD Reid

Director

For and on behalf of USAF GP No.4 Limited

5 October 2012

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the Partners of USAF No. 4 Limited Partnership

We have audited the financial statements of USAF No.1 Limited Partnership for the year ended 31 December 2011 set out on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partners' Responsibilities Statement set out on page 2, the partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Bligh (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL
2012

5 October 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	2	725	619
Other operating charges		(57)	(44)
Operating profit	3	668	575
Finance costs: Interest payable and similar charges	4	(254)	(253)
Profit on ordinary activities before taxation		414	322
Taxation		-	-
Profit for the financial year (before income distributions)		414	322
Finance costs: Income distributions		(381)	(284)
Transfer to Partner's Income accounts	9	33	38

The profit and loss account has been prepared on the basis that all operations are continuing operations. There is no difference between the result for the year as stated above and its historical cost equivalent.

Statement of total recognised gains and losses
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Net profit attributable to partners		33	38
Unrealised surplus on revaluation of investment properties	5	406	1,710
Total recognised gains and losses relating to the year		439	1,748

Balance sheet
At 31 December 2011

	<i>Note</i>	31 December 2011		31 December 2010	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	5		12,000		11,519
Current assets					
Debtors	6	468		8	
Cash at bank and in hand		88		39	
		556		47	
Creditors: amounts falling due within one year	7	(603)		(61)	
Net current liabilities			(47)		(14)
			11,953		11,505
Creditors: amounts falling due after more than one year	8		(6,606)		(6,597)
Net assets attributable to partners			5,347		4,908
<i>Represented by:</i>					
Partners' accounts classified as liabilities under FRS 25					
Partners' capital contribution accounts	9		15		15
Partners' income accounts	9		50		17
Partners' revaluation accounts	9		3,186		2,780
Partners' loan accounts	9		2,096		2,096
Loans and other debts due to partners			5,347		4,908

These financial statements were approved by the partners on 5 October 2012 and were signed on their behalf by:

.....

AD Reid : on behalf of the General Partner – USAF GP No. 4 Ltd

Cash flow statement
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Net cash inflow from operating activities	<i>10</i>	750	606
Returns on investments and servicing of finance	<i>11</i>	(245)	(246)
Capital expenditure	<i>11</i>	(75)	(180)
Distributions paid	<i>11</i>	(381)	(284)
Cash inflow/(outflow) before financing		49	(104)
Financing		-	-
Increase/(decrease) in cash in the year		49	(104)
Cash at start of the year		39	143
Cash at end of the year		88	39

**Reconciliation of net cash flow
to movement in net debt**

Increase/(decrease) in cash in the year		49	(104)
Other movements	<i>12</i>	(9)	(7)
Movement in net debt in the year	<i>12</i>	40	(111)
Net debt at the start of the year	<i>12</i>	(8,654)	(8,543)
Net debt at the end of the year	<i>12</i>	(8,614)	(8,654)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Partnership's financial statements.

Basis of preparation

Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Parts XV and XVI of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice as required by the Limited Partnership Deed dated 18 July 2006.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the partners, and their historical cost equivalents.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £47,000 which the partners believe to be appropriate for the following reasons. The partnership is dependent for its working capital on funds provided to it by The UNITE UK Student Accommodation Fund. A subsidiary undertaking of The UNITE UK Student Accommodation Fund has provided the partnership with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the partnership. This should enable the partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any partnership placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The UNITE UK Student Accommodation Fund is the partner with the majority interest in the partnership. After the third anniversary after the initial closing each unitholder may request the fund to redeem all or a portion of its units on a semi annual basis. The redemption requests will be effective as of the first calendar half year. To the extent the trust manager is unable to satisfy redemption requests units will be redeemed as liquid assets become available. The trust manager will have the discretion to the extent to which liquid assets can be made available. The trust will not be obliged to sell properties to satisfy redemption requests during the primary period.

Based on this understanding the partners believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Tangible fixed assets and depreciation

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount; and
- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

This treatment, as regards the partnership's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement.

Taxation

The taxation payable on the profits of the partnership is the personal liability of the partners during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements.

Borrowings

Interest bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings at a constant rate on the carrying amount.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Distribution policy

Income produced by the partnership is distributed to the Limited Partners to the extent that partnership income exceeds expenses, excluding capital items. Capital distributions arising from capital receipts including refinancing gains are applied firstly in repayment of Limited Partners' loans, thereafter repaying Limited Partners capital.

2 Turnover

Turnover of the partnership for the year has been derived from its principal activity undertaken wholly in the United Kingdom.

Notes (continued)

3 Operating profit

	2011 £000	2010 £000
<i>Operating profit is stated after crediting:</i>		
Rental income received under operating leases	725	619

Auditor's remuneration of £1,000 (year ended 31 December 2010: £1,200) was borne by another group entity.

Fees paid to the partnership's auditor, KPMG Audit Plc and its associates for services other than the statutory audit of the partnership are not disclosed in the partnership accounts since the consolidated accounts of the major limited partner, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

4 Finance costs: Interest payable and similar charges

	2011 £000	2010 £000
Interest on intragroup loans	254	253

5 Tangible fixed assets

	Investment property £000
<i>Valuation</i>	
At beginning of year	11,519
Additions	75
Revaluation in year	406
At end of year	12,000

The investment property was valued as at 31 December 2011, on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by CB Richard Ellis Ltd Chartered Surveyors as external valuers. The historical cost of the property at 31 December 2011 was £8,634,000 (31 December 2010: £8,559,000). The property is leasehold.

Notes (continued)

6 Debtors

	2011	2010
	£000	£000
Amounts owed by related party undertakings	463	-
Other debtors	5	8
	<hr/>	<hr/>
	468	8
	<hr/> <hr/>	<hr/> <hr/>

All debtors are due within one year

7 Creditors: amounts falling due within one year

	2011	2010
	£000	£000
Amounts owed to related party undertakings	-	2
Amounts owed to group undertakings	533	12
Other creditors	70	47
	<hr/>	<hr/>
	603	61
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

8 Creditors: amounts falling due after one year

	2011 £000	2010 £000
Amounts owed to related undertakings	199	199
Amounts owed to group undertakings	1,788	1,788
Intragroup loans	4,640	4,640
Less: unamortised issue costs	(21)	(30)
	<hr/> 6,606	<hr/> 6,597
	<hr/>	<hr/>
Loan maturity analysis	2011 £000	2010 £000
In two to five years	4,619	4,610
In more than five years	1,987	1,987
	<hr/> 6,606	<hr/> 6,597
	<hr/>	<hr/>

The intra group loan is divided into 2 classes as follows:

£4,101,000: 5.26% per annum, £539,000: 5.3408% per annum

The intra group loans are disclosed net of unamortised issue costs of £21,000 (31 December 2010: £30,000) and will be repaid by March 2014, unless previously redeemed at the option of the UNITE UK Student Accommodation Fund. Interest is payable quarterly in arrears at the fixed rates stated above. The intra group loans are secured over the partnership's investment property.

Amounts owed to group undertakings and amounts owed to related undertakings totalling £1,987,000 are repayable in full in September 2031 or earlier at the option of the partnership. This facility is interest free.

Notes (continued)

9 Loans and other debts due to partners

Reconciliation of movements in total partners' interests

	Partners' capital £000	other interests Other reserves £000	Total £000	Loans and other debts due to partners £000	Total Partners' interest £000
At 1 January 2011	15	2,797	2,812	2,096	4,908
Revaluation in the financial year	-	406	406	-	406
Profit for the financial year	-	33	33	-	33
Partners' interests at 31 December 2011	15	3,236	3,251	2,096	5,347

The loans from partners are interest free and have no fixed repayment date.

10 Reconciliation of operating profit to operating cash flows

	2011 £000	2010 £000
Operating profit	668	575
Increase in debtors	(460)	(3)
Increase in creditors	542	34
Net cash inflow from operating activities	750	606

Notes (continued)

11 Analysis of cash flows

	2011 £000	2011 £000	2010 £000	2010 £000
Returns on investment and servicing of finance				
Interest paid	(245)		(246)	
	<u> </u>	(245)	<u> </u>	(246)
		<u> </u>		<u> </u>
Capital expenditure				
Purchase of tangible fixed assets	(75)		(180)	
	<u> </u>	(75)	<u> </u>	(180)
		<u> </u>		<u> </u>
Distributions paid				
Distributions paid	(381)		(284)	
	<u> </u>	(381)	<u> </u>	(284)
		<u> </u>		<u> </u>

12 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non cash movements £000	At end of year £000
Cash at bank	39	49	-	88
Partners loans	(2,096)	-	-	(2,096)
Debt due after more than one year	(6,597)	-	(9)	(6,606)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	(8,654)	49	(9)	(8,614)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13 Capital commitments

The partnership had no capital commitments at 31 December 2011 (31 December 2010: £nil).

14 Contingent liabilities

The partnership had no contingent liabilities at 31 December 2011 (31 December 2010: £nil).

Notes *(continued)*

15 Related party transactions

The partnership had the following discloseable transactions with related parties in accordance with FRS8:

The UNITE Group plc and subsidiary companies:

Property and cash management fees paid to The UNITE Group plc and subsidiary companies £9,000 (*31 December 2010: £8,000*)

Amounts due from The UNITE Group plc and subsidiary companies at 31 December 2011: £463,000 (*31 December 2010: due to The UNITE Group plc: £2,000*).

Amounts owed to The UNITE Group plc and subsidiary companies due after one year £199,000 (*31 December 2010 £199,000*).

The UNITE UK Student Accommodation Fund and its subsidiary entities ('USAF'):

Amounts due to USAF: £533,000 (*31 December 2010: £12,000*). These balances arose due to the movement of cash between USAF entities.

Amounts owed to USAF due after one year £1,788,000 (*31 December 2010 £1,788,000*).

Intra group loans owed to group undertakings due after more than one year £4,640,000 (*31 December 2010 £4,640,000*). Interest of £254,000 (*31 December 2010: £253,000*) was payable on these loans.

16 Controlling party

The partnership is controlled by The UNITE UK Student Accommodation Fund as 89.97% partner.

USAF No. 4 Limited Partnership

Partners' report and financial statements

Registered number LP011473

Year ended 31 December 2012

Contents

Report of the General Partner	1
Statement of General Partner's responsibilities	2
Independent auditor's report to the Partners of USAF No.4 Limited Partnership	3
Profit and loss account	4
Statement of total recognised gains and losses	4
Balance sheet	5
Cash flow statement	6
Notes	7

Report of the General Partner

USAF GP No.4 Limited ('the General Partner') presents the audited financial statements for USAF No. 4 Limited Partnership ('the Partnership') for the year ended 31 December 2012.

Principal activity, results and income distributions

The principal activity of the partnership during the year was the management and holding of student accommodation for investment purposes. The results for the year are shown on page 4. Income distributions of £401,000 were made during the year (year ended 31 December 2011: £381,000).

The Partnership

The Partnership was established on 18 July 2006 and was registered as a Limited Partnership under the Limited Partnership Act 1907 on 21 July 2006.

Designated partners

The designated partners during the year were as follows:

USAF LP Limited (Limited Partner)

USAF GP No.4 Limited (General Partner)

UNITE UK Student Accommodation Fund (Limited Partner)

UNITE Discretionary Trust (Limited Partner)

Partners' capital and profit shares

The partners' interests in the partnership and their profit sharing arrangement at the end of the year were as follows:

USAF LP Limited	10.00 %
UNITE UK Student Accommodation Fund	89.97%
Unite Discretionary Trust	0.03%

Disclosure of information to auditor

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditor is unaware; and the General Partner has taken all the steps that they ought to have taken as General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

Auditor

KPMG Audit Plc will be proposed for re-appointment.

Approved by


NG Richards

Director

For and on behalf of USAF GP No.4 Limited

7 May 2013

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the Partners of USAF No. 4 Limited Partnership

We have audited the financial statements of USAF No.1 Limited Partnership for the year ended 31 December 2012 set out on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partners' Responsibilities Statement set out on page 2, the partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditcopeukprivate

Opinion on financial statements

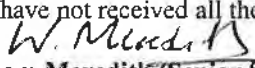
In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL
2012

7 May 2013

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	806	725
Other operating charges		(52)	(57)
Operating profit	3	754	668
Finance costs: Interest payable and similar charges	4	(255)	(254)
Profit on ordinary activities before taxation		499	414
Taxation		-	-
Profit for the financial year (before income distributions)		499	414
Finance costs: Income distributions		(401)	(381)
Transfer to Partner's Income accounts	9	98	33

The profit and loss account has been prepared on the basis that all operations are continuing operations. There is no difference between the result for the year as stated above and its historical cost equivalent.

Statement of total recognised gains and losses
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Net profit attributable to partners		98	33
Unrealised surplus on revaluation of investment properties	5	1,844	406
Total recognised gains and losses relating to the year		1,942	439

Balance sheet

At 31 December 2012

	<i>Note</i>	31 December 2012		31 December 2011	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	5		16,300		12,000
Current assets					
Debtors	6	685		468	
Cash at bank and in hand		58		88	
		<u>743</u>		<u>556</u>	
Creditors: amounts falling due within one year	7	(3,139)		(603)	
Net current liabilities			(2,396)		(47)
			<u>13,904</u>		<u>11,953</u>
Creditors: amounts falling due after more than one year	8		(6,615)		(6,606)
Net assets attributable to partners			<u>7,289</u>		<u>5,347</u>
<i>Represented by:</i>					
Partners' accounts classified as liabilities under FRS 25					
Partners' capital contribution accounts	9		15		15
Partners' income accounts	9		148		50
Partners' revaluation accounts	9		5,030		3,186
Partners' loan accounts	9		2,096		2,096
			<u>7,289</u>		<u>5,347</u>
Loans and other debts due to partners			<u>7,289</u>		<u>5,347</u>

These financial statements were approved by the partners on 7 May 2013 and were signed on their behalf by:



NG Richards : on behalf of the General Partner – USAF GP No. 4 Ltd

Cash flow statement
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Net cash inflow from operating activities	<i>10</i>	3,073	750
Returns on investments and servicing of finance	<i>11</i>	(246)	(245)
Capital expenditure	<i>11</i>	(2,456)	(75)
Distributions paid	<i>11</i>	(401)	(381)
Cash (outflow)/inflow before financing		(30)	49
Financing		-	-
(Decrease)/increase in cash in the year		(30)	49
Cash at start of the year		88	39
Cash at end of the year		58	88

**Reconciliation of net cash flow
to movement in net debt**

(Decrease)/increase in cash in the year		(30)	49
Other movements	<i>12</i>	(9)	(9)
Movement in net debt in the year	<i>12</i>	(39)	40
Net debt at the start of the year	<i>12</i>	(8,614)	(8,654)
Net debt at the end of the year	<i>12</i>	(8,653)	(8,614)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Partnership's financial statements.

Basis of preparation

Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Parts XV and XVI of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice as required by the Limited Partnership Deed dated 18 July 2006.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the partners, and their historical cost equivalents.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £2,396,000 which the partners believe to be appropriate for the following reasons. The partnership is dependent for its working capital on funds provided to it by The UNITE UK Student Accommodation Fund. A subsidiary undertaking of The UNITE UK Student Accommodation Fund has provided the partnership with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the partnership. This should enable the partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any partnership placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The UNITE UK Student Accommodation Fund is the partner with the majority interest in the partnership. After the third anniversary after the initial closing each unitholder may request the fund to redeem all or a portion of its units on a semi annual basis. The redemption requests will be effective as of the first calendar half year. To the extent the trust manager is unable to satisfy redemption requests units will be redeemed as liquid assets become available. The trust manager will have the discretion to the extent to which liquid assets can be made available. The trust will not be obliged to sell properties to satisfy redemption requests during the primary period.

Based on this understanding the partners believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount; and
- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

This treatment, as regards the partnership's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement.

Taxation

The taxation payable on the profits of the partnership is the personal liability of the partners during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements.

Borrowings

Interest bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings at a constant rate on the carrying amount.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Distribution policy

Income produced by the partnership is distributed to the Limited Partners to the extent that partnership income exceeds expenses, excluding capital items. Capital distributions arising from capital receipts including refinancing gains are applied firstly in repayment of Limited Partners' loans, thereafter repaying Limited Partners capital.

2 Turnover

Turnover of the partnership for the year has been derived from its principal activity undertaken wholly in the United Kingdom.

Notes (continued)

3 Operating profit

	2012 £000	2011 £000
<i>Operating profit is stated after crediting:</i>		
Rental income received under operating leases	806	725

Auditor's remuneration of £800 (year ended 31 December 2011: £1,000) was borne by another group entity.

Fees paid to the partnership's auditor, KPMG Audit Plc and its associates for services other than the statutory audit of the partnership are not disclosed in the partnership accounts since the consolidated accounts of the major limited partner, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

4 Finance costs: Interest payable and similar charges

	2012 £000	2011 £000
Interest on intragroup loans	255	254

5 Tangible fixed assets

	Investment property £000
<i>Valuation</i>	
At beginning of year	12,000
Additions	2,456
Revaluation in year	1,844
At end of year	16,300

The investment property was valued as at 31 December 2012, on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by CB Richard Ellis Ltd Chartered Surveyors as external valuers. The historical cost of the property at 31 December 2012 was £11,270,000 (31 December 2011: £8,814,000). The property is leasehold.

Notes *(continued)*

6 Debtors

	2012	2011
	£000	£000
Amounts owed by related party undertakings	674	463
Other debtors	11	5
	<hr/>	<hr/>
	685	468
	<hr/>	<hr/>

All debtors are due within one year

7 Creditors: amounts falling due within one year

	2012	2011
	£000	£000
Amounts owed to group undertakings	3,071	533
Other creditors	68	70
	<hr/>	<hr/>
	3,139	603
	<hr/>	<hr/>

Notes (continued)

8 Creditors: amounts falling due after one year

	2012 £000	2011 £000
Amounts owed to related undertakings	199	199
Amounts owed to group undertakings	1,788	1,788
Intragroup loans	4,640	4,640
Less: unamortised issue costs	(12)	(21)
	<u>6,615</u>	<u>6,606</u>
Loan maturity analysis	2012 £000	2011 £000
In one to two years	4,628	-
In two to five years	-	4,619
In more than five years	1,987	1,987
	<u>6,615</u>	<u>6,606</u>

The intra group loan is divided into 2 classes as follows:

£4,101,000: 5.26% per annum, £539,000: 5.3408% per annum

The intra group loans are disclosed net of unamortised issue costs of £12,000 (31 December 2011: £21,000) and will be repaid by March 2014, unless previously redeemed at the option of the UNITE UK Student Accommodation Fund. Interest is payable quarterly in arrears at the fixed rates stated above. The intra group loans are secured over the partnership's investment property.

Amounts owed to group undertakings and amounts owed to related undertakings totalling £1,987,000 are repayable in full in September 2031 or earlier at the option of the partnership. This facility is interest free.

Notes (continued)

9 Loans and other debts due to partners

Reconciliation of movements in total partners' interests

	Partners' other interests			Loans and other debts due to partners	Total Partners' interest
	Partners' capital	Other reserves	Total		
	£000	£000	£000	£000	£000
At 1 January 2012	15	3,236	3,251	2,096	5,347
Revaluation in the financial year	-	1,844	1,844	-	1,844
Profit for the financial year	-	98	98	-	98
Partners' interests at 31 December 2012	15	5,178	5,193	2,096	7,289

The loans from partners are interest free and have no fixed repayment date.

10 Reconciliation of operating profit to operating cash flows

	2012 £000	2011 £000
Operating profit	754	668
Increase in debtors	(217)	(460)
Increase in creditors	2,536	542
Net cash inflow from operating activities	3,073	750

Notes (continued)

11 Analysis of cash flows

	2012 £000	2012 £000	2011 £000	2011 £000
Returns on investment and servicing of finance				
Interest paid	(246)		(245)	
	<u> </u>	(246)	<u> </u>	(245)
		<u> </u>		<u> </u>
Capital expenditure				
Purchase of tangible fixed assets	(2,456)		(75)	
	<u> </u>	(2,456)	<u> </u>	(75)
		<u> </u>		<u> </u>
Distributions paid				
Distributions paid	(401)		(381)	
	<u> </u>	(401)	<u> </u>	(381)
		<u> </u>		<u> </u>

12 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non cash movements £000	At end of year £000
Cash at bank	88	(30)	-	58
Partners loans	(2,096)	-	-	(2,096)
Debt due after more than one year	(6,606)	-	(9)	(6,615)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	(8,614)	(30)	(9)	(8,653)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13 Capital commitments

The partnership had no capital commitments at 31 December 2012 (31 December 2011: £nil).

14 Contingent liabilities

The partnership had no contingent liabilities at 31 December 2012 (31 December 2011: £nil).

Notes *(continued)*

15 Related party transactions

The partnership had the following discloseable transactions with related parties in accordance with FRS8:

The UNITE Group plc and subsidiary companies:

Property and cash management fees paid to The UNITE Group plc and subsidiary companies £10,000 *(31 December 2011: £9,000)*

Amounts due from The UNITE Group plc and subsidiary companies at 31 December 2012: £674,000 *(31 December 2011: due from The UNITE Group plc: £463,000)*.

Amounts owed to The UNITE Group plc and subsidiary companies due after one year £199,000 *(31 December 2011: £199,000)*.

The UNITE UK Student Accommodation Fund and its subsidiary entities ('USAF'):

Amounts due to USAF: £3,071,000 *(31 December 2011: £533,000)*. These balances arose due to the movement of cash between USAF entities.

Amounts owed to USAF due after one year £1,788,000 *(31 December 2011: £1,788,000)*.

Intra group loans owed to group undertakings due after more than one year £4,640,000 *(31 December 2011: £4,640,000)*. Interest of £256,000 *(31 December 2011: £254,000)* was payable on these loans.

16 Controlling party

The partnership is controlled by The UNITE UK Student Accommodation Fund as 89.97% partner.

Company Registration No. 05897864 (England and Wales)

USAF GP NO.4 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

USAF GP NO.4 LIMITED

COMPANY INFORMATION

Directors	J J Lister A D Reid N Richards
Secretary	A D Reid
Company number	05897864
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF GP NO.4 LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 9

USAF GP NO.4 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011.

Principal activities

The principal activity of the company is acting as General Partner in the USAF No.4 Limited Partnership, an English Limited Partnership. A final dividend of £15,950 was paid in respect of the year (2010: £15,800).

The company registration number is 05897864.

Directors

The following directors have held office since 1 January 2011:

J J Lister
A D Reid
N Richards

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

USAF GP NO.4 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



A D Reid

Secretary

21 September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USAF GP NO.4 LIMITED

We have audited the financial statements of USAF GP No.4 Limited for the year ended 31 December 2011 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

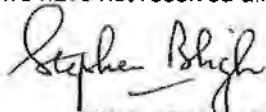
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Stephen Bligh (Senior Statutory Auditor)

**for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants**

21 September 2012

15 Canada Square
LONDON
E14 5GL

USAF GP NO.4 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover		-	-
Cost of sales		-	-
Operating result	2	-	-
Investment income	3	20,000	20,000
Profit on ordinary activities before taxation		20,000	20,000
Tax on profit on ordinary activities	4	(4,050)	(4,200)
Profit for the year	10	15,950	15,800

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no material difference between the result as disclosed in the profit and loss account and the result given by the unmodified historical cost basis.

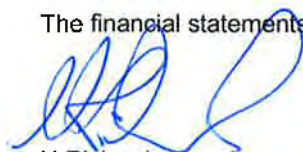
USAF GP NO.4 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Investments	6		-		-
Current assets					
Debtors	7	4,051		4,101	
Creditors: amounts falling due within one year	8	(4,050)		(4,100)	
Net assets			1		1
Capital and reserves					
Called up share capital	9		1		1
Shareholders' funds - equity interests	11		1		1

The financial statements were approved by the Board on 21 September 2012



N Richards

Director

USAF GP NO.4 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

As General Partner of the USAF No.4 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the Company. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investment income

Investment income is recognised from the Limited Partnership in respect of distributions received under the partnership agreement during the year.

1.4 Deferred taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

1.5 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

USAF GP NO.4 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

2 Operating result

Auditor's remuneration of £400 (2010: £650) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

3 Investment income	2011	2010
	£	£
Partnership income	20,000	20,000
4 Taxation	2011	2010
	£	£
Domestic current year tax		
U.K. corporation tax	4,050	4,200
Current tax charge	4,050	4,200
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	20,000	20,000
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.25% (2010 - 21.00%)	4,050	4,200
Current tax charge	4,050	4,200
5 Dividends	2011	2010
	£	£
Ordinary interim paid	15,950	15,800

USAF GP NO.4 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

6	Fixed asset investments	2011	2010
		£	£
	Share in Limited Partnership	-	-

As General Partner of the USAF No. 4 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company.

USAF No. 4 Limited Partnership is registered as a limited partnership in England and Wales. The principal activity of the Limited Partnership is investment in student accommodation.

The net assets of USAF No. 4 Limited Partnership attributable to partners at 31 December 2011 were £5,347,000 (2010: £4,908,000) and the profit for the year ended 31 December 2011 was £414,000 (2010: £322,000).

7	Debtors	2011	2010
		£	£
	Amounts owed by group undertakings	4,051	4,101

All debtors are due within one year.

8	Creditors: amounts falling due within one year	2011	2010
		£	£
	Taxation	4,050	4,100

9	Share capital	2011	2010
		£	£
	Allotted, called up and fully paid		
	1 Ordinary shares of £1 each	1	1

10	Statement of movements on profit and loss account	Profit and loss account
		£
	Balance at 1 January 2011	-
	Profit for the year	15,950
	Dividends paid	(15,950)
	Balance at 31 December 2011	-

USAF GP NO.4 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

11 Reconciliation of movements in shareholders' funds	2011 £	2010 £
Profit for the financial year	15,950	15,800
Dividends	(15,950)	(15,800)
	<hr/>	<hr/>
Net movement in shareholders' funds	-	-
Opening shareholders' funds	1	1
	<hr/>	<hr/>
Closing shareholders' funds	1	1
	<hr/>	<hr/>

12 Contingent liabilities

The company had no contingent liabilities at 31 December 2011 (31 December 2010: £nil).

13 Capital commitments

The company had no capital commitments at 31 December 2011 (31 December 2010: £nil).

14 Control

The company's immediate parent undertaking is USAF Holdings Limited

The company's ultimate parent is the UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

15 Related party transactions

As the company is a wholly owned subsidiary of The UNITE UK Student Accommodation Fund, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

3 4
Company Registration No. 05897864 (England and Wales)

USAF GP NO.4 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

USAF GP NO.4 LIMITED

COMPANY INFORMATION

Directors	C R Szpojnarowicz (Appointed 16 April 2013) J J Lister N Richards
Secretary	C R Szpojnarowicz
Company number	05897864
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF GP NO.4 LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 9

USAF GP NO.4 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012.

Principal activities

The principal activity of the company is acting as General Partner in the USAF No.4 Limited Partnership, an English Limited Partnership. A final dividend of £16,000 was paid in respect of the year (2011: £15,950).

The company registration number is 05897864.

Directors

The following directors have held office since 1 January 2012:

C R Szpojnarowicz	(Appointed 16 April 2013)
J J Lister	
A D Reid	(Resigned 16 April 2013)
N Richards	

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

USAF GP NO.4 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

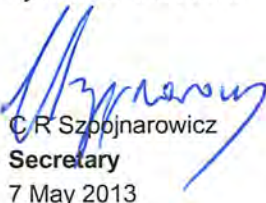
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



C R Szpojnarowicz
Secretary
7 May 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USAF GP NO.4 LIMITED

We have audited the financial statements of USAF GP No.4 Limited for the year ended 31 December 2012 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

7 May 2013

15 Canada Square
LONDON
E14 5GL

USAF GP NO.4 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Notes	£	£
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Operating result	2	-	-
Investment income	3	20,000	20,000
		<hr/>	<hr/>
Profit on ordinary activities before taxation		20,000	20,000
Tax on profit on ordinary activities	4	(4,000)	(4,050)
		<hr/>	<hr/>
Profit for the year	10	16,000	15,950
		<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no material difference between the result as disclosed in the profit and loss account and the result given by the unmodified historical cost basis.


USAF GP NO.4 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Investments	6		-		-
Current assets					
Debtors	7	4,001		4,051	
Creditors: amounts falling due within one year	8	(4,000)		(4,050)	
Net assets			1		1
Capital and reserves					
Called up share capital	9		1		1
Shareholders' funds - equity interests	11		1		1

The financial statements were approved by the Board on 7 May 2013


N Richards
Director

USAF GP NO.4 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

As General Partner of the USAF No.4 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the Company. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investment income

Investment income is recognised from the Limited Partnership in respect of distributions received under the partnership agreement during the year.

1.4 Deferred taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

1.5 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

USAF GP NO.4 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

2 Operating result

Auditor's remuneration of £400 (2011: £400) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

3 Investment income	2012 £	2011 £
Partnership income	<u>20,000</u>	<u>20,000</u>

4 Taxation	2012 £	2011 £
------------	-----------	-----------

Domestic current year tax

U.K. corporation tax	<u>4,000</u>	<u>4,050</u>
----------------------	--------------	--------------

Current tax charge	<u>4,000</u>	<u>4,050</u>
---------------------------	--------------	--------------

Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	<u>20,000</u>	<u>20,000</u>
---	---------------	---------------

Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 20.25%)

	<u>4,000</u>	<u>4,050</u>
Current tax charge	<u>4,000</u>	<u>4,050</u>

5 Dividends	2012 £	2011 £
Ordinary interim paid	<u>16,000</u>	<u>15,950</u>

USAF GP NO.4 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6	Fixed asset investments	2012 £	2011 £
	Share in Limited Partnership	-	-

As General Partner of the USAF No. 4 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company.

USAF No. 4 Limited Partnership is registered as a limited partnership in England and Wales. The principal activity of the Limited Partnership is investment in student accommodation.

The net assets of USAF No. 4 Limited Partnership attributable to partners at 31 December 2012 were £7,289,000 (2011: £5,347,000) and the profit for the year ended 31 December 2012 was £499,000 (2011: £414,000).

7	Debtors	2012 £	2011 £
	Amounts owed by group undertakings	4,001	4,051

All debtors are due within one year.

8	Creditors: amounts falling due within one year	2012 £	2011 £
	Taxation	4,000	4,050

9	Share capital	2012 £	2011 £
	Allotted, called up and fully paid		
	1 Ordinary shares of £1 each	1	1

10	Statement of movements on profit and loss account	Profit and loss account £
	Balance at 1 January 2012	-
	Profit for the year	16,000
	Dividends paid	(16,000)
	Balance at 31 December 2012	-

USAF GP NO.4 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

11 Reconciliation of movements in shareholders' funds	2012 £	2011 £
Profit for the financial year	16,000	15,950
Dividends	(16,000)	(15,950)
	<hr/>	<hr/>
Net movement in shareholders' funds	-	-
Opening shareholders' funds	1	1
	<hr/>	<hr/>
Closing shareholders' funds	1	1
	<hr/>	<hr/>

12 Contingent liabilities

The company had no contingent liabilities at 31 December 2012 (31 December 2011: £nil).

13 Capital commitments

The company had no capital commitments at 31 December 2012 (31 December 2011: £nil).

14 Control

The company's immediate parent undertaking is USAF Holdings Limited.

The company's ultimate parent is the UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

15 Related party transactions

As the company is a wholly owned subsidiary of The UNITE UK Student Accommodation Fund, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

USAF No. 5 Limited Partnership

Partners' report and financial statements

Registered number LP011474

Year ended 31 December 2011

Contents

Report of the General Partner	1
Members' responsibilities statement	2
Independent auditor's report to the Partners of USAF No.5 Limited Partnership	3
Profit and loss account	4
Statement of total recognised gains and losses	4
Balance sheet	5
Cash flow statement	6
Notes	7

Report of the General Partner

USAF GP No.5 Limited ('the General Partner') presents the audited financial statements for USAF No. 5 Limited Partnership ('the Partnership') for the year ended 31 December 2011.

Principal activity, results and income distributions

The principal activity of the partnership during the year was the management and holding of student accommodation for investment purposes. The results for the year are shown on page 4. Income distributions of £888,000 were made during the year (2010: £863,000).

The Partnership

The Partnership was established on 18 July 2006 and was registered as a Limited Partnership under the Limited Partnership Act 1907 on 21 July 2006.

Designated partners

The designated partners during the year were as follows:

USAF LP Limited (Limited Partner)

USAF GP No.5 Limited (General Partner)

UNITE UK Student Accommodation Fund (Limited Partner)

UNITE Discretionary Trust (Limited Partner)

Disclosure of information to auditor

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditor is unaware; and the General Partner has taken all the steps that they ought to have taken as General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

Partners' capital and profit shares

The partners interests in the partnership and their profit sharing arrangement at the end of the year was as follows:

USAF LP Limited	9.996 %
UNITE UK Student Accommodation Fund	89.97%
UNITE Discretionary Trust	0.034%

Auditors

KPMG Audit Plc will be proposed for re-appointment.

Approved by

AD Reid

Director

For and on behalf of USAF GP No.5 Limited

5 October 2012

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of USAF No. 5 Limited Partnership

We have audited the financial statements of USAF No.5 Limited Partnership for the year ended 31 December 2011 set out on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partners' Responsibilities Statement set out on page 2, the partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Bligh (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

5 October 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	2	2,079	2,084
Other operating charges		(56)	(37)
Reversal of impairment of fixed asset property		1,205	2,290
		<hr/>	<hr/>
Operating profit	3	3,228	4,337
Interest receivable and similar income	4	1	-
Finance costs: Interest payable and similar charges	5	(1,092)	(1,087)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,137	3,250
Taxation		-	-
		<hr/>	<hr/>
Profit for the financial year (before income distributions)		2,137	3,250
Income distributions		(888)	(863)
		<hr/>	<hr/>
Transfer to Partner's Income accounts	10	1,249	2,387
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There is no difference between the result for the year as stated above and its historical cost equivalent.

Statement of total recognised gains and losses
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Net profit attributable to partners		1,249	2,387
Unrealised (deficit)/surplus on revaluation of investment properties	6	(765)	1,105
		<hr/>	<hr/>
Total recognised gains relating to the year		484	3,492
		<hr/>	<hr/>

Balance sheet

At 31 December 2011

	Note	31 December 2011		31 December 2010	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	6		37,626		37,038
Current assets					
Debtors	7	199		210	
Cash at bank		484		539	
		683		749	
Creditors: amounts falling due within one year	8	(883)		(886)	
Net current liabilities			(200)		(137)
			37,426		36,901
Creditors: amounts falling due after more than one year	9		(32,454)		(32,413)
Net assets attributable to partners			4,972		4,488
<i>Represented by:</i>					
Partners' accounts classified as liabilities under FRS 25					
Partners' capital contribution accounts	10		63		63
Partners' revaluation accounts	10		1,825		2,590
Partners' income accounts	10		(2,249)		(3,498)
Partners' loan accounts	10		5,333		5,333
Loans and other debts due to partners			4,972		4,488

These financial statements were approved by the partners on 5 October 2012 and were signed on their behalf by:

.....

AD Reid: on behalf of the General Partner – USAF GP No. 5 Ltd

Cash flow statement
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Net cash inflow from operating activities	<i>11</i>	2,031	2,143
Returns on investments and servicing of finance	<i>12</i>	(1,050)	(1,051)
Capital expenditure	<i>12</i>	(148)	(151)
Distributions paid	<i>12</i>	(888)	(863)
Cash (outflow)/inflow before financing		(55)	78
Financing		-	-
(Decrease)/increase in cash in the year		(55)	78
Cash at start of the year		539	461
Cash at end of the year		484	539

**Reconciliation of net cash flow
to movement in net debt**

(Decrease)/increase in cash in the year		(55)	78
Other movements	<i>13</i>	(41)	(36)
Movement in net debt in the year	<i>13</i>	(96)	42
Net debt at the start of the year	<i>13</i>	(37,207)	(37,249)
Net debt at the end of the year	<i>13</i>	(37,303)	(37,207)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Partnership's financial statements.

Basis of preparation

Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Parts XV and XVI of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice as required by the Limited Partnership Deed dated 18 July 2006.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the partners, and their historical cost equivalents.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £200,000 which the partners believe to be appropriate for the following reasons. The partnership is dependent for its working capital on funds provided to it by The UNITE UK Student Accommodation Fund. A subsidiary undertaking of The UNITE UK Student Accommodation Fund has provided the partnership with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the partnership. This should enable the partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any partnership placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The UNITE UK Student Accommodation Fund is the partner with the majority interest in the partnership. After the third anniversary after the initial closing each unitholder may request the fund to redeem all or a portion of its units on a semi annual basis. The redemption requests will be effective as of the first calendar half year. To the extent the trust manager is unable to satisfy redemption requests units will be redeemed as liquid assets become available. The trust manager will have the discretion to the extent to which liquid assets can be made available. The trust will not be obliged to sell properties to satisfy redemption requests during the primary period.

Based on this understanding the partners believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets and depreciation

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount; and
- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

This treatment, as regards the partnership's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the partners consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement.

Taxation

The taxation payable on the profits of the partnership is the personal liability of the partners during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements.

Borrowings

Interest bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings at a constant rate on the carrying amount.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Distribution policy

Income produced by the Partnership is distributed to the Limited Partners to the extent that the Partnership income exceeds expenses, excluding capital items. Capital distributions arising from capital receipts including refinancing gains are applied firstly in repayment of the Limited Partners' loans, thereafter repaying Limited Partners' capital.

2 Turnover

Turnover of the partnership for the year has been derived from its principal activity undertaken wholly in the United Kingdom.

Notes (continued)

3 Operating profit

	2011 £000	2010 £000
<i>Operating profit is stated after crediting:</i>		
Reversal of impairment of fixed assets	1,205	2,290
Rental income received under operating leases	2,079	2,084
	<u> </u>	<u> </u>

Auditor's remuneration of 800 (year ended 31 December 2010: £1,200) was borne by another group entity.

Fees paid to the partnership's auditor, KPMG Audit Plc and its associates for services other than the statutory audit of the partnership are not disclosed in the partnership accounts since the consolidated accounts of the major limited partner, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

4 Interest receivable and similar income

	2011 £000	2010 £000
Bank interest received	1	-
	<u> </u>	<u> </u>

5 Finance costs: Interest payable and similar charges

	2011 £000	2010 £000
Interest on intra group loans	1,051	1,048
Amortisation of issue costs	41	39
	<u> </u>	<u> </u>
	1,092	1,087
	<u> </u>	<u> </u>

Notes (continued)

6 Tangible fixed assets

	Investment properties £000
<i>Valuation</i>	
At beginning of year	37,038
Additions	148
Revaluation	(765)
Reversal of previous impairment	1,205
	<hr/>
At end of year	37,626 <hr/>

The investment properties were valued as at 31 December 2011, on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by CB Richard Ellis Ltd, Chartered Surveyors as external valuers. The historical cost of the properties at 31 December 2011 was £38,082,000 (31 December 2010: £37,934,000). The properties are freehold.

7 Debtors

	31 December 2011 £000	31 December 2010 £000
Amounts due from related undertakings	199	206
Other debtors	-	4
	<hr/>	<hr/>
	199	210
	<hr/>	<hr/>

All debtors are due within one year.

8 Creditors: amounts falling due within one year

	31 December 2011 £000	31 December 2010 £000
Amounts due to group undertakings	861	796
Other creditors	22	90
	<hr/>	<hr/>
	883	886
	<hr/>	<hr/>

Notes (continued)

9 Creditors: amounts falling due after one year

	31 December 2011 £000	31 December 2010 £000
Amounts due to related undertakings	1,258	1,258
Amounts owed to group undertakings	11,321	11,321
Intra group loans	19,961	19,961
Less: unamortised issue costs	(86)	(127)
	<u>32,454</u>	<u>32,413</u>

Loan maturity analysis

	31 December 2011 £000	31 December 2010 £000
In two to five years	19,875	19,834
In more than five years	12,579	12,579
	<u>32,454</u>	<u>32,413</u>

The intra group loan is divided into 2 classes as follows:

£17,644,000: 5.26% per annum, £2,317,000: 5.3408% per annum.

The intra group loans are disclosed net of unamortised issue costs of £86,000 (31 December 2010: £127,000) and will be repaid by March 2014 unless previously redeemed at the option of the UNITE UK Student Accommodation Fund. Interest is payable quarterly in arrears at the fixed rates stated above. The loan is secured over the partnership's investment properties.

Amounts owed to group undertakings and amounts due to related parties totalling £12,579,000 are repayable in full in September 2031 or earlier at the option of the partnership. This facility is interest free.

Notes (continued)

10 Loans and other debts due to partners

Reconciliation of movements in total partners' interests

	Partners' other interests			Loans and other debts due to partners	Total Partners' interest
	Partners' capital £000	Other reserves £000	Total £000	£000	£000
At 1 January 2011	63	(908)	(845)	5,333	4,488
Profit for the financial year	-	1,249	1,249	-	1,249
Revaluation in the year	-	(765)	(765)	-	(765)
Partners' interests at 31 December 2011	63	(424)	(361)	5,333	4,972

The loans from partners are interest free and have no fixed repayment date.

11 Reconciliation of operating profit to operating cash flows

	2011 £000	2010 £000
Operating profit	3,228	4,337
Decrease/(increase) in debtors	11	(86)
(Decrease)/increase in creditors	(3)	182
Reversal of impairment of fixed assets	(1,205)	(2,290)
Net cash inflow from operating activities	2,031	2,143

Notes (continued)

12 Analysis of cash flows

	2011		2010
	£000	£000	£000
Returns on investment and servicing of finance			
Interest received	1		-
Interest paid	(1,051)		(1,051)
	<u> </u>		<u> </u>
		(1,050)	(1,051)
		<u> </u>	<u> </u>
Capital expenditure			
Purchase of tangible fixed assets	(148)		(151)
	<u> </u>		<u> </u>
		(148)	(151)
		<u> </u>	<u> </u>
Distributions			
Distributions paid	(888)		(863)
	<u> </u>		<u> </u>
		(888)	(863)
		<u> </u>	<u> </u>

13 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non cash movements £000	At end of year £000
Cash at bank	539	(55)	-	484
Loans due to partners	(5,333)	-	-	(5,333)
Debt due after one year	(32,413)	-	(41)	(32,454)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	(37,207)	(55)	(41)	(37,303)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes *(continued)*

14 Capital commitments

The partnership had no capital commitments at 31 December 2011 (*31 December 2010: £nil*).

15 Contingent liabilities

The partnership had no contingent liabilities at 31 December 2011 (*31 December 2010: £nil*).

16 Related party transactions

The partnership had the following discloseable transactions with related parties in accordance with FRS8:

The UNITE Group plc and subsidiary companies:

Amounts due from The UNITE Group plc at 31 December 2011: £199,000 (*31 December 2010: due from The UNITE Group plc: £206,000*).

Property and cash management fees paid to The UNITE Group PLC and subsidiary companies at 31 December 2011: £28,000 (*year ended 31 December 2010: £27,000*).

Amounts owed to The UNITE Group plc due after one year £1,258,000 (*31 December 2010 £1,258,000*).

The UNITE UK Student Accommodation Fund and its subsidiary entities ('USAF'):

Amounts due to USAF: £861,000 (*31 December 2010: due to USAF £796,000*). These balances arose due to the movement of cash between USAF entities.

Amounts owed to USAF due after one year £11,321,370 (*31 December 2010 £11,321,370*).

Intra group loans owed to group undertakings due after more than one year £19,961,000 (*31 December 2010 £19,961,000*). Interest of £1,051,000 (*31 December 2010 £1,048,000*) was payable on these loans.

17 Controlling party

The partnership is controlled by The UNITE UK Student Accommodation Fund as 89.97% partner.

USAF No. 5 Limited Partnership

Partners' report and financial statements

Registered number LP011474

Year ended 31 December 2012

Contents

Report of the General Partner	1
Members' responsibilities statement	2
Independent auditor's report to the Partners of USAF No.5 Limited Partnership	3
Profit and loss account	4
Statement of total recognised gains and losses	4
Balance sheet	5
Cash flow statement	6
Notes	7

Report of the General Partner

USAF GP No.5 Limited ('the General Partner') presents the audited financial statements for USAF No. 5 Limited Partnership ('the Partnership') for the year ended 31 December 2012.

Principal activity, results and income distributions

The principal activity of the partnership during the year was the management and holding of student accommodation for investment purposes. The results for the year are shown on page 4. Income distributions of £799,000 were made during the year (2011: £888,000).

The Partnership

The Partnership was established on 18 July 2006 and was registered as a Limited Partnership under the Limited Partnership Act 1907 on 21 July 2006.

Designated partners

The designated partners during the year were as follows:

USAF LP Limited (Limited Partner)

USAF GP No.5 Limited (General Partner)

UNITE UK Student Accommodation Fund (Limited Partner)

UNITE Discretionary Trust (Limited Partner)

Disclosure of information to auditor

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditor is unaware; and the General Partner has taken all the steps that they ought to have taken as General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

Partners' capital and profit shares

The partners interests in the partnership and their profit sharing arrangement at the end of the year was as follows:

USAF LP Limited	9.996 %
UNITE UK Student Accommodation Fund	89.97%
UNITE Discretionary Trust	0.034%

Auditors

KPMG Audit Plc will be proposed for re-appointment.

Approved by



Director

For and on behalf of USAF GP No.5 Limited

7 May 2013

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of USAF No. 5 Limited Partnership

We have audited the financial statements of USAF No.5 Limited Partnership for the year ended 31 December 2012 set out on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partners' Responsibilities Statement set out on page 2, the partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

1 A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

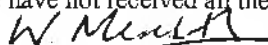
In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

7 May 2013

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	2,112	2,079
Other operating charges		(63)	(56)
Reversal of impairment of fixed asset property		797	1,205
Operating profit	3	2,846	3,228
Interest receivable and similar income	4	2	1
Finance costs: Interest payable and similar charges	5	(1,098)	(1,092)
Profit on ordinary activities before taxation		1,750	2,137
Taxation		-	-
Profit for the financial year (before income distributions)		1,750	2,137
Income distributions		(799)	(888)
Transfer to Partner's Income accounts	10	951	1,249

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There is no difference between the result for the year as stated above and its historical cost equivalent.

Statement of total recognised gains and losses
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Net profit attributable to partners		951	1,249
Unrealised surplus/(deficit) on revaluation of investment properties	6	392	(765)
Total recognised gains relating to the year		1,343	484

Balance sheet

At 31 December 2012

	Note	31 December 2012		31 December 2011	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	6		38,924		37,626
Current assets					
Debtors	7	-		199	
Cash at bank		1,019		484	
		1,019		683	
Creditors: amounts falling due within one year	8	(1,139)		(883)	
Net current liabilities			(120)		(200)
			38,804		37,426
Creditors: amounts falling due after more than one year	9		(32,489)		(32,454)
Net assets attributable to partners			6,315		4,972
<i>Represented by:</i>					
Partners' accounts classified as liabilities under FRS 25					
Partners' capital contribution accounts	10		63		63
Partners' revaluation accounts	10		2,217		1,825
Partners' income accounts	10		(1,298)		(2,249)
Partners' loan accounts	10		5,333		5,333
Loans and other debts due to partners			6,315		4,972

These financial statements were approved by the partners on 7 May 2013 and were signed on their behalf by:



NG Richards: on behalf of the General Partner – USAF GP No. 5 Ltd

Cash flow statement
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Net cash inflow from operating activities	11	2,503	2,031
Returns on investments and servicing of finance	12	(1,060)	(1,050)
Capital expenditure	12	(109)	(148)
Distributions paid	12	(799)	(888)
Cash inflow/(outflow) before financing		535	(55)
Financing		-	-
Increase/(decrease) in cash in the year		535	(55)
Cash at start of the year		484	539
Cash at end of the year		1,019	484

**Reconciliation of net cash flow
to movement in net debt**

Increase/(decrease) in cash in the year		535	(55)
Other movements	13	(35)	(41)
Movement in net debt in the year	13	500	(96)
Net debt at the start of the year	13	(37,303)	(37,207)
Net debt at the end of the year	13	(36,803)	(37,303)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Partnership's financial statements.

Basis of preparation

Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Parts XV and XVI of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice as required by the Limited Partnership Deed dated 18 July 2006.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the partners, and their historical cost equivalents.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £120,000 which the partners believe to be appropriate for the following reasons. The partnership is dependent for its working capital on funds provided to it by The UNITE UK Student Accommodation Fund. A subsidiary undertaking of The UNITE UK Student Accommodation Fund has provided the partnership with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the partnership. This should enable the partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any partnership placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The UNITE UK Student Accommodation Fund is the partner with the majority interest in the partnership. After the third anniversary after the initial closing each unitholder may request the fund to redeem all or a portion of its units on a semi annual basis. The redemption requests will be effective as of the first calendar half year. To the extent the trust manager is unable to satisfy redemption requests units will be redeemed as liquid assets become available. The trust manager will have the discretion to the extent to which liquid assets can be made available. The trust will not be obliged to sell properties to satisfy redemption requests during the primary period.

Based on this understanding the partners believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount; and
- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

This treatment, as regards the partnership's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the partners consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement.

Taxation

The taxation payable on the profits of the partnership is the personal liability of the partners during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements.

Borrowings

Interest bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings at a constant rate on the carrying amount.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Distribution policy

Income produced by the Partnership is distributed to the Limited Partners to the extent that the Partnership income exceeds expenses, excluding capital items. Capital distributions arising from capital receipts including refinancing gains are applied firstly in repayment of the Limited Partners' loans, thereafter repaying Limited Partners' capital.

2 Turnover

Turnover of the partnership for the year has been derived from its principal activity undertaken wholly in the United Kingdom.

Notes (continued)

3 Operating profit

	2012 £000	2011 £000
<i>Operating profit is stated after crediting:</i>		
Reversal of impairment of fixed assets	797	1,205
Rental income received under operating leases	2,112	2,079
	<hr/>	<hr/>

Auditor's remuneration of £800 (year ended 31 December 2011: £800) was borne by another group entity.

Fees paid to the partnership's auditor, KPMG Audit Plc and its associates for services other than the statutory audit of the partnership are not disclosed in the partnership accounts since the consolidated accounts of the major limited partner, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

4 Interest receivable and similar income

	2012 £000	2011 £000
Bank interest received	2	1
	<hr/>	<hr/>

5 Finance costs: Interest payable and similar charges

	2012 £000	2011 £000
Interest on intra group loans	1,055	1,051
Amortisation of issue costs	43	41
	<hr/>	<hr/>
	1,098	1,092
	<hr/>	<hr/>

Notes (continued)

6 Tangible fixed assets

	Investment properties £000
<i>Valuation</i>	
At beginning of year	37,626
Additions	109
Revaluation	392
Reversal of previous impairment	797
At end of year	38,924

The investment properties were valued as at 31 December 2012, on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by CB Richard Ellis Ltd, Chartered Surveyors as external valuers. The historical cost of the properties at 31 December 2012 was £36,707,000 (31 December 2011: £36,598,000). The properties are freehold.

7 Debtors

	31 December 2012 £000	31 December 2011 £000
Amounts due from related undertakings	-	199
	-	199

All debtors are due within one year.

8 Creditors: amounts falling due within one year

	31 December 2012 £000	31 December 2011 £000
Amounts due to related undertakings	208	-
Amounts due to group undertakings	894	861
Other creditors	37	22
	1,139	883

Notes (continued)

9 Creditors: amounts falling due after one year

	31 December 2012 £000	31 December 2011 £000
Amounts due to related undertakings	1,258	1,258
Amounts owed to group undertakings	11,321	11,321
Intra group loans	19,961	19,961
Less: unamortised issue costs	(51)	(86)
	<u>32,489</u>	<u>32,454</u>

Loan maturity analysis

	31 December 2012 £000	31 December 2011 £000
In one to two years	19,910	-
In two to five years	-	19,875
In more than five years	12,579	12,579
	<u>32,489</u>	<u>32,454</u>

The intra group loan is divided into 2 classes as follows:

£17,644,000: 5.26% per annum, £2,317,000: 5.3408% per annum.

The intra group loans are disclosed net of unamortised issue costs of £51,000 (31 December 2011: £86,000) and will be repaid by March 2014 unless previously redeemed at the option of the UNITE UK Student Accommodation Fund. Interest is payable quarterly in arrears at the fixed rates stated above. The loan is secured over the partnership's investment properties.

Amounts owed to group undertakings and amounts due to related parties totalling £12,579,000 are repayable in full in September 2031 or earlier at the option of the partnership. This facility is interest free.

Notes (continued)

10 Loans and other debts due to partners

Reconciliation of movements in total partners' interests

	Partners' other interests			Loans and other debts due to partners	Total Partners' interest
	Partners' capital	Other reserves	Total		
	£000	£000	£000	£000	£000
At 1 January 2012	63	(424)	(361)	5,333	4,972
Profit for the financial year	-	951	951	-	951
Revaluation in the year	-	392	392	-	392
Partners' interests at 31 December 2012	63	919	982	5,333	6,315

The loans from partners are interest free and have no fixed repayment date.

11 Reconciliation of operating profit to operating cash flows

	2012 £000	2011 £000
Operating profit	2,846	3,228
Decrease in debtors	199	11
Increase/(decrease) in creditors	255	(3)
Reversal of impairment of fixed assets	(797)	(1,205)
Net cash inflow from operating activities	2,503	2,031

Notes (continued)

12 Analysis of cash flows

	2012		2011	
	£000	£000	£000	£000
Returns on investment and servicing of finance				
Interest received	2		1	
Interest paid	(1,062)		(1,051)	
		(1,060)		(1,050)
Capital expenditure				
Purchase of tangible fixed assets	(109)		(148)	
		(109)		(148)
Distributions				
Distributions paid	(799)		(888)	
		(799)		(888)

13 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non cash movements £000	At end of year £000
Cash at bank	484	535	-	1,019
Loans due to partners	(5,333)	-	-	(5,333)
Debt due after one year	(32,454)	-	(35)	(32,489)
Total	(37,303)	535	(35)	(36,803)

Notes (continued)

14 Capital commitments

The partnership had no capital commitments at 31 December 2012 (*31 December 2011: £nil*).

15 Contingent liabilities

The partnership had no contingent liabilities at 31 December 2012 (*31 December 2011: £nil*).

16 Related party transactions

The partnership had the following discloseable transactions with related parties in accordance with FRS8:

The UNITE Group plc and subsidiary companies:

Amounts due to The UNITE Group plc at 31 December 2012: £208,000 (*31 December 2011: due from The UNITE Group plc: £199,000*).

Property and cash management fees paid to The UNITE Group PLC and subsidiary companies at 31 December 2012: £29,000 (*year ended 31 December 2011: £28,000*).

Amounts owed to The UNITE Group plc due after one year £1,258,000 (*31 December 2011 £1,258,000*).

The UNITE UK Student Accommodation Fund and its subsidiary entities ('USAF'):

Amounts due to USAF: £894,000 (*31 December 2011: due to USAF £861,000*). These balances arose due to the movement of cash between USAF entities.

Amounts owed to USAF due after one year £11,321,370 (*31 December 2011 £11,321,370*).

Intra group loans owed to group undertakings due after more than one year £19,961,000 (*31 December 2011 £19,961,000*). Interest of £1,055,000 (*31 December 2011 £1,051,000*) was payable on these loans.

17 Controlling party

The partnership is controlled by The UNITE UK Student Accommodation Fund as 89.97% partner.

Company Registration No. 05897853 (England and Wales)

USAF GP NO.5 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

USAF GP NO.5 LIMITED

COMPANY INFORMATION

Directors	J J Lister A D Reid N Richards
Secretary	A D Reid
Company number	05897853
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF GP NO.5 LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 9

USAF GP NO.5 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011.

Principal activities

The principal activity of the company is acting as General Partner in the USAF No.5 Limited Partnership, an English Limited Partnership. A final dividend of £15,950 was paid in respect of the year (2010: £15,800).

The company registration number is 05897853.

Directors

The following directors have held office since 1 January 2011:

J J Lister
A D Reid
N Richards

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG Audit Plc, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

USAF GP NO.5 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



A D Reid

Secretary

21 September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USAF GP NO.5 LIMITED

We have audited the financial statements of USAF GP No.5 Limited for the year ended 31 December 2011 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Stephen Bligh (Senior Statutory Auditor)

**for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants**

21 September 2012

15 Canada Square
LONDON
E14 5GL

USAF GP NO.5 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover		-	-
Cost of sales		-	-
Operating result	2	-	-
Investment income	3	20,000	20,000
Profit on ordinary activities before taxation		20,000	20,000
Tax on profit on ordinary activities	4	(4,050)	(4,200)
Profit for the year	10	15,950	15,800

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no difference between the loss for the year as stated above and its historical cost equivalent.


USAF GP NO.5 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Investments	6		-		-
Current assets					
Debtors	7	4,163		2,751	
Creditors: amounts falling due within one year	8	(4,162)		(2,750)	
Net assets			1		1
Capital and reserves					
Called up share capital	9		1		1
Shareholders' funds - equity interests	11		1		1

Approved by the Board and authorised for issue on 21 September 2012


N Richards
Director

USAF GP NO.5 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

As General Partner of the USAF No.5 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the Company. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investment income

Investment income is recognised from the Limited Partnership in respect of distributions received under the partnership agreement during the year.

1.4 Deferred taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

1.5 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

USAF GP NO.5 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

2 Operating result

Auditor's remuneration of £400 (2010: £650) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

3 Investment income	2011	2010
	£	£
Partnership income	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
4 Taxation	2011	2010
	£	£
Domestic current year tax		
U.K. corporation tax	4,050	4,200
	<u>4,050</u>	<u>4,200</u>
Current tax charge	<u>4,050</u>	<u>4,200</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.25% (2010 - 21.00%)	4,050	4,200
	<u>4,050</u>	<u>4,200</u>
Current tax charge	<u>4,050</u>	<u>4,200</u>
5 Dividends	2011	2010
	£	£
Ordinary interim paid	15,950	15,800
	<u>15,950</u>	<u>15,800</u>

USAF GP NO.5 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

6 Fixed asset investments	2011 £	2010 £
Share in Limited Partnership	-	-

As General Partner of the USAF No. 5 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company.

USAF No. 5 Limited Partnership is registered as a limited partnership in England and Wales. The principal activity of the Limited Partnership is investment in student accommodation.

The net assets of USAF No. 5 Limited Partnership attributable to partners at 31 December 2011 were £4,972,000 (2010: £4,488,000) and the profit for the year ended 31 December 2011 was £2,137,000 (2010: £3,250,000).

7 Debtors	2011 £	2010 £
Amounts owed by group undertakings	4,163	2,751

All debtors are due within one year.

8 Creditors: amounts falling due within one year	2011 £	2010 £
Taxation	4,162	2,750

9 Share capital	2011 £	2010 £
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1

10 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 January 2011	-
Profit for the year	15,950
Dividends paid	(15,950)
Balance at 31 December 2011	-

USAF GP NO.5 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

11 Reconciliation of movements in shareholder's funds	2011 £	2010 £
Profit for the financial year	15,950	15,800
Dividends	(15,950)	(15,800)
	<hr/>	<hr/>
Net movement in in shareholders' funds	-	-
Opening shareholder's funds	1	1
	<hr/>	<hr/>
Closing shareholder's funds	1	1
	<hr/>	<hr/>

12 Contingent liabilities

The company had no contingent liabilities at 31 December 2011 (31 December 2010: £nil).

13 Capital commitments

The company had no capital commitments at 31 December 2011 (31 December 2010: £nil).

14 Employees

There were no employees in either year.

15 Control

The company's immediate parent undertaking is USAF Holdings Limited.

The company's ultimate parent is the UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

16 Related party transactions

As the company is a wholly owned subsidiary of The UNITE UK Student Accommodation Fund, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

Company Registration No. 05897853 (England and Wales)

USAF GP NO.5 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

USAF GP NO.5 LIMITED

COMPANY INFORMATION

Directors	C R Szpojnarowicz (Appointed 16 April 2013) J J Lister N Richards
Secretary	C R Szpojnarowicz
Company number	05897853
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

USAF GP NO.5 LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities	2
Independent auditor's report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 9

USAF GP NO.5 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012.

Principal activities

The principal activity of the company is acting as General Partner in the USAF No.5 Limited Partnership, an English Limited Partnership. A final dividend of £16,000 was paid in respect of the year (2011: £15,950).

The company registration number is 05897853.

Directors

The following directors have held office since 1 January 2012:

C R Szpojnarowicz	(Appointed 16 April 2013)
J J Lister	
A D Reid	(Resigned 16 April 2013)
N Richards	

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

USAF GP NO.5 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



C R Szpojnarowicz
Secretary

7 May 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USAF GP NO.5 LIMITED

We have audited the financial statements of USAF GP No.5 Limited for the year ended 31 December 2012 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

7 May 2013

15 Canada Square
LONDON
E14 5GL

USAF GP NO.5 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Operating result	2	-	-
Investment income	3	20,000	20,000
		<hr/>	<hr/>
Profit on ordinary activities before taxation		20,000	20,000
Tax on profit on ordinary activities	4	(4,000)	(4,050)
		<hr/>	<hr/>
Profit for the year	10	16,000	15,950
		<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

There is no difference between the loss for the year as stated above and its historical cost equivalent.


USAF GP NO.5 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Investments	6		-		-
Current assets					
Debtors	7	4,001		4,163	
Creditors: amounts falling due within one year	8	(4,000)		(4,162)	
Net assets			1		1
Capital and reserves					
Called up share capital	9		1		1
Shareholders' funds - equity interests	11		1		1

Approved by the Board and authorised for issue on 7 May 2013



N Richards
Director

USAF GP NO.5 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention.

As General Partner of the USAF No.5 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the Company. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Investment income

Investment income is recognised from the Limited Partnership in respect of distributions received under the partnership agreement during the year.

1.4 Deferred taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19.

1.5 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

USAF GP NO.5 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

2 Operating result

Auditor's remuneration of £400 (2011: £400) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE UK Student Accommodation Fund are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

3 Investment income	2012 £	2011 £
Partnership income	20,000	20,000

4 Taxation	2012 £	2011 £
Domestic current year tax		
U.K. corporation tax	4,000	4,050
Current tax charge	4,000	4,050
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	20,000	20,000
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 20.25%)	4,000	4,050
Current tax charge	4,000	4,050

5 Dividends	2012 £	2011 £
Ordinary interim paid	16,000	15,950

USAF GP NO.5 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6	Fixed asset investments	2012 £	2011 £
	Share in Limited Partnership	-	-

As General Partner of the USAF No. 5 Limited Partnership the company is deemed to control the Limited Partnership which is therefore a subsidiary of the company.

USAF No. 5 Limited Partnership is registered as a limited partnership in England and Wales. The principal activity of the Limited Partnership is investment in student accommodation.

The net assets of USAF No. 5 Limited Partnership attributable to partners at 31 December 2012 were £6,315,000 (2011: £4,972,000) and the profit for the year ended 31 December 2012 was £1,750,000 (2011: £2,137,000).

7	Debtors	2012 £	2011 £
	Amounts owed by group undertakings	4,001	4,163

All debtors are due within one year.

8	Creditors: amounts falling due within one year	2012 £	2011 £
	Taxation	4,000	4,162

9	Share capital	2012 £	2011 £
	Allotted, called up and fully paid		
	1 Ordinary shares of £1 each	1	1

10	Statement of movements on profit and loss account	Profit and loss account £
	Balance at 1 January 2012	-
	Profit for the year	16,000
	Dividends paid	(16,000)
	Balance at 31 December 2012	-

USAF GP NO.5 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

11 Reconciliation of movements in shareholder's funds	2012 £	2011 £
Profit for the financial year	16,000	15,950
Dividends	(16,000)	(15,950)
	<hr/>	<hr/>
Net movement in in shareholders' funds	-	-
Opening shareholder's funds	1	1
	<hr/>	<hr/>
Closing shareholder's funds	1	1
	<hr/> <hr/>	<hr/> <hr/>

12 Contingent liabilities

The company had no contingent liabilities at 31 December 2012 (31 December 2011: £nil).

13 Capital commitments

The company had no capital commitments at 31 December 2012 (31 December 2011: £nil).

14 Employees

There were no employees in either year.

15 Control

The company's immediate parent undertaking is USAF Holdings Limited.

The company's ultimate parent is the UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust.

16 Related party transactions

As the company is a wholly owned subsidiary of The UNITE UK Student Accommodation Fund, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

**Filbert Street Student Accommodation Unit
Trust**

**Consolidated Report and Financial
Statements**

Year ended 31 December 2011

Contents

Trustees report	1
Statement of Trustee's responsibilities in respect of the financial statements	2
Consolidated statement of total return	3
Consolidated balance sheet	4
Statement of movements in unitholders' funds	5
Trust balance sheet	6
Notes to the financial statement	7-10

Trustees' Report

This is the fifth report of the Filbert Street Student Accommodation Unit Trust ('the Trust') for the year ended 31 December 2011.

The Unit Trust

The Filbert Street Student Accommodation Unit Trust is an Isle of Man-based Unit Trust, established under a Trust Instrument dated 1 December 2006. Barclays Wealth Trustees (IOM) Limited and Island Nominees Limited are joint Managing Trustees of the Trust. As at 31 December 2011, the total number of units in issue was 14,762,015 (31 December 2010: 14,762,015 units).

Principal activity, results and income distributions

The Trust is an Isle of Man-based Unit Trust ('The Trust') whose principal investments is in an English registered Limited Partnership ('the partnership') the object of which is to manage quality student accommodation property within the UK.

Income distributions of £1,967,000 were paid during the year (year ended 31 December 2010: £1,793,000).

Auditors

The Unitholders have, by extraordinary resolution, agreed to dispense with the requirement to audit the accounts.

Approved by



Director

For and on behalf of Barclays Wealth Trustees (IOM) Limited.

Statement of Trustees responsibilities in respect of the financial statements

The Trustees are responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards and the Trust Instrument.

The Trust Instrument requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Unit Trust and of the profit or loss of the Unit Trust for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Unit Trust will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Unit Trust and enable them to ensure that the financial statements comply with the Trust Instrument. The Trustees are responsible for safeguarding the assets of the Unit Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that they have complied with the above requirements throughout the year and subsequently.

Consolidated statement of total return
for the year ended 31 December 2011

	Notes	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Net valuation gain on property	5	1,070	2,097
Net rental income		1,989	1,824
Expenses		(21)	(29)
		1,968	1,795
Total return before distributions	3	3,038	3,892
Finance costs: Distributions	4	(1,967)	(1,793)
Total return for the year		1,071	2,099
Return attributable to minority interest		(2)	(3)
Total return for the year attributable to unitholders		1,069	2,096

All items dealt with in arriving at the total return for the year ended 31 December 2011 relate to continuing operations.
There is no difference between the return for the year as stated above and its historical cost equivalent.

The notes on pages 7 to 10 form part of these financial statements.

Consolidated balance sheet
at 31 December 2011

	Notes	31 December 2011 £000	31 December 2010 £000
Tangible fixed assets			
Investment properties	5	32,940	31,550
Current assets			
Debtors	8	-	2
Cash at bank and in hand		10	10
Total current assets		10	12
Total assets		32,950	31,562
Current liabilities	9	(19,895)	(19,577)
Net assets		13,055	11,985
Minority interest		-	1
Net assets attributable to unitholders		13,055	11,986
Number of units		14,762,015	14,762,015

The financial statements were approved by Barclays Wealth Trustees (IOM) Limited and Island Nominees Limited as Trustees of the Filbert Street Student Accommodation Unit Trust on 16/1/13 and were signed on its behalf by:

Director

Gene Robinson *M Manniger*

For and on behalf of Barclays Wealth Trustees (IOM) Limited and Island Nominees Limited.

The notes on pages 7 to 10 form part of these financial statements.

Statement of movements in unitholders' funds
For the year ended 31 December 2011

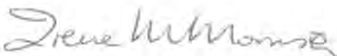
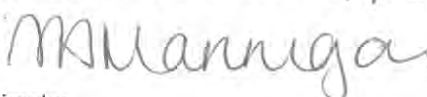
	For the year ended 31 December 2011 £000	For year ended 31 December 2010 £000
Consolidated and Trust		
Unitholders' net assets at the start of the year	11,986	9,890
Total return for the year attributable to unitholders	<u>1,069</u>	<u>2,096</u>
Unitholders' net assets at the end of the year	<u>13,055</u>	<u>11,986</u>

The notes on pages 7 to 10 form part of these financial statements.

Trust balance sheet
As at 31 December 2011

	Notes	31 December 2011 £000	31 December 2010 £000
Tangible fixed assets			
Investment in the partnership	7	<u>13,055</u>	<u>11,986</u>
Current assets			
Debtors	8	<u>-</u>	<u>2</u>
Total current assets		<u>-</u>	<u>2</u>
Total assets		13,055	11,988
Current liabilities	9	<u>-</u>	<u>(2)</u>
Net assets attributable to unitholders		<u>13,055</u>	<u>11,986</u>

The financial statements were approved by Barclays Wealth Trustees (IOM) Limited and Island Nominees Limited as Joint Trustees of the Filbert Street Student Accommodation Unit Trust on 16/1/13 and were signed on its behalf by:

Director  Director 

For and on behalf of Barclays Wealth Trustees (IOM) Limited and Island Nominees Limited.

The notes on pages 7 to 10 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies

These financial statements have been prepared under the historical cost convention as modified by the valuation of investment properties and investment in partnerships in accordance with United Kingdom generally accepted accounting standards and in line with the Trust Instrument.

The Trust has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds of its size.

The more significant accounting policies used are set out below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Trust and the Limited Partnership detailed in note 7.

Going concern

The Consolidated Financial Statements have been prepared on a going concern basis, which assumes the Trust will be able to meet its liabilities as they fall due, for the foreseeable future.

Investment properties

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the statement of total return for the year; and
- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

The cost of investment properties includes amounts relating to attributable overheads, in addition to direct costs

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred to the statement of total return for the year.

Investment in the Partnership

The investment in the Partnership is reported at net asset value as determined by Filbert Village GP Limited, as general partner of the Partnership, at the balance sheet date.

Distribution policy

Income produced by the Trust's investment in the Partnership is distributed to the unitholders to the extent that the Trust's income exceeds expenses. Capital distributions are funded from capital receipts. Income and realised gain distributions are recognised when they are declared to the Trust.

Turnover

Turnover from investment property leased out under operating leases is recognised in the statement of total return on a straight line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

Notes to the financial statements (continued)

For the year ended 31 December 2011

2. Turnover

Turnover of the trust for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Total return before distributions

Total return before distributions is stated after crediting

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Consolidated		
Reversal of impairment of fixed asset property	1,070	2,097
Rental income received under operating leases	<u>1,989</u>	<u>1,824</u>

4. Finance costs: distributions

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Consolidated		
Distributions paid	<u>1,967</u>	<u>1,793</u>
Finance costs	<u>1,967</u>	<u>1,793</u>

Notes to the financial statements (continued)

For the year ended 31 December 2011

6. Investment properties

	Investment properties £000
Consolidated	
<i>Valuation</i>	
At 1 January 2011	31,550
Additions	320
Reversal of previous impairment	1,070
At 31 December 2011	32,940

The investment property was valued as at 31 December 2011 on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by Messrs Jones Lang LaSalle Chartered Surveyors as external valuers.

The historical cost of the property at 31 December 2011 was £34,638,000 (31 December 2010: £34,318,000).

7. Investment in the partnership

	31 December 2011 £000	31 December 2010 £000
Trust		
<i>At valuation</i>		
At 1 January 2011	11,986	9,890
Revaluation	1,069	2,086
At 31 December 2011	13,055	11,986

The investment, which comprises both capital and loans, represents a 99.93% share in the Filbert Village Student Accommodation Limited Partnership.

8. Debtors

	31 December 2011 £000	31 December 2010 £000
Consolidated		
Amounts owed by group undertakings	-	2
	-	2
Trust		
Amounts owed by group undertakings	-	2
	-	2

Notes to the financial statements (continued)

For the year ended 31 December 2011

9. Current liabilities (excluding net assets attributable to unitholders)

	31 December 2011 £000	31 December 2010 £000
Consolidated		
Amounts owed to group undertakings	19,582	19,494
Other creditors	313	83
	<u>19,895</u>	<u>19,577</u>
Trust		
Other creditors	-	2

10. Movement in units

	Year ended 31 December 2011 No.	Year ended 31 December 2010 No.
At beginning of the year	14,762,015	14,762,015
Issued in the year	-	-
At end of year	<u>14,762,015</u>	<u>14,762,015</u>

11. Control

Barclays Wealth Trustees (IOM) Limited and Island Nominees Limited, as Trustee of the Trust, are the controlling party.

The Trust's ultimate parent undertaking is The UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust, effective from 15 December 2008.

12. Related party disclosure

As the Trust is owned within the group headed by The UNITE UK Student Accommodation Fund, the trust has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group entities on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

**Filbert Street Student Accommodation Unit
Trust**

**Consolidated Report and Financial
Statements**

Year ended 31 December 2012

Contents

Trustees report	1
Statement of Trustee's responsibilities in respect of the financial statements	2
Consolidated statement of total return	3
Consolidated balance sheet	4
Statement of movements in unitholders' funds	5
Trust balance sheet	6
Notes to the financial statement	7-10

Trustees' Report

This is the fifth report of the Filbert Street Student Accommodation Unit Trust ('the Trust') for the year ended 31 December 2012.

The Unit Trust

The Filbert Street Student Accommodation Unit Trust is an Isle of Man-based Unit Trust, established under a Trust Instrument dated 1 December 2006. Barclays Wealth Trustees (IOM) Limited and Island Nominees Limited are joint Managing Trustees of the Trust. As at 31 December 2012, the total number of units in issue was 14,762,015 (31 December 2011: 14,762,015 units).

Principal activity, results and income distributions

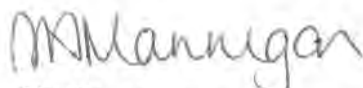
The Trust is an Isle of Man-based Unit Trust ('The Trust') whose principal investments is in an English registered Limited Partnership ('the partnership') the object of which is to manage quality student accommodation property within the UK.

Income distributions of £1,306,000 were paid during the year (year ended 31 December 2011: £1,967,000).

Auditors

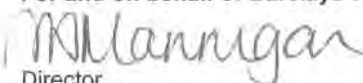
The Unitholders have, by extraordinary resolution, agreed to dispense with the requirement to audit the accounts.

Approved by



Director

For and on behalf of Barclays Wealth Trustees (IOM) Limited.



Director

For and on behalf of Island Nominees Limited

Statement of Trustees responsibilities in respect of the financial statements

The Trustees are responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards and the Trust Instrument.

The Trust Instrument requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Unit Trust and of the profit or loss of the Unit Trust for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Unit Trust will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Unit Trust and enable them to ensure that the financial statements comply with the Trust Instrument. The Trustees are responsible for safeguarding the assets of the Unit Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that they have complied with the above requirements throughout the year and subsequently.

Consolidated statement of total return
for the year ended 31 December 2012

	Notes	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Net valuation (deficit) / gain on property	5	<u>(3,295)</u>	<u>1,070</u>
Net rental income		1,731	1,989
Expenses		<u>(21)</u>	<u>(21)</u>
		1,710	1,968
Total return before distributions	3	<u>(1,585)</u>	<u>3,038</u>
Finance costs: Distributions	4	<u>(1,306)</u>	<u>(1,967)</u>
Total return for the year		<u>(2,891)</u>	<u>1,071</u>
Return attributable to minority interest		<u>1</u>	<u>(2)</u>
Total return for the year attributable to unitholders		<u>(2,890)</u>	<u>1,069</u>

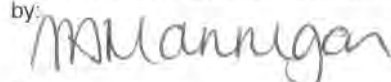
All items dealt with in arriving at the total return for the year ended 31 December 2012 relate to continuing operations.
There is no difference between the return for the year as stated above and its historical cost equivalent.

The notes on pages 7 to 10 form part of these financial statements.

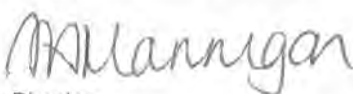
Consolidated balance sheet
at 31 December 2012

	Notes	31 December 2012 £000	31 December 2011 £000
Tangible fixed assets			
Investment property	5	29,980	32,940
Current assets			
Debtors	7	-	-
Cash at bank and in hand		10	10
Total current assets		10	10
Total assets		29,990	32,950
Current liabilities	8	(19,827)	(19,895)
Net assets		10,163	13,055
Minority interest		2	-
Net assets attributable to unitholders		10,165	13,055
Number of units		14,762,015	14,762,015

The financial statements were approved by Barclays Wealth Trustees (IOM) Limited and Island Nominees Limited as Trustees of the Filbert Street Student Accommodation Unit Trust on 11/6/13 and were signed on its behalf by:



Director
For and on behalf of Barclays Wealth Trustees (IOM) Limited



Director
For and on behalf of Island Nominees Limited

The notes on pages 7 to 10 form part of these financial statements.

Statement of movements in unitholders' funds
For the year ended 31 December 2012

	For the year ended 31 December 2012 £000	For year ended 31 December 2011 £000
Consolidated and Trust		
Unitholders' net assets at the start of the year	13,055	11,986
Total return for the year attributable to unitholders	(2,890)	1,069
Unitholders' net assets at the end of the year	10,165	13,055

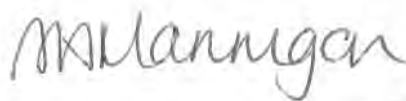
The notes on pages 7 to 10 form part of these financial statements.

Trust balance sheet
As at 31 December 2012

	Notes	31 December 2012 £000	31 December 2011 £000
Tangible fixed assets			
Investment in the partnership	6	<u>10,166</u>	<u>13,055</u>
Current assets			
Debtors	7	<u>-</u>	<u>-</u>
Total current assets		<u>-</u>	<u>-</u>
Total assets		10,166	13,055
Current liabilities	8	<u>(1)</u>	<u>-</u>
Net assets attributable to unitholders		<u>10,165</u>	<u>13,055</u>

The financial statements were approved by Barclays Wealth Trustees (IOM) Limited and Island Nominees Limited as Joint Trustees of the Filbert Street Student Accommodation Unit Trust on 11/6/13 and were signed on its behalf by:


Director *Barclays Wealth Trustees (IOM) Limited*
For and on behalf of Barclays Wealth Trustees (IOM) Limited


Director
For and on behalf of Island Nominees Limited

The notes on pages 7 to 10 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2012

1. Accounting policies

These financial statements have been prepared under the historical cost convention as modified by the valuation of investment properties and investment in partnerships in accordance with United Kingdom generally accepted accounting standards and in line with the Trust Instrument.

The Trust has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds of its size.

The more significant accounting policies used are set out below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Trust and the Limited Partnership detailed in note 6.

Going concern

The Consolidated Financial Statements have been prepared on a going concern basis, which assumes the Trust will be able to meet its liabilities as they fall due, for the foreseeable future.

Investment properties

In accordance with SSAP19 Accounting for Investment Properties:

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors). Surpluses and deficits arising are transferred to the statement of total return for the year; and
- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run.

The cost of investment properties includes amounts relating to attributable overheads, in addition to direct costs.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred to the statement of total return for the year.

Investment in the Partnership

The investment in the Partnership is reported at net asset value as determined by Filbert Village GP Limited, as general partner of the Partnership, at the balance sheet date.

Distribution policy

Income produced by the Trust's investment in the Partnership is distributed to the unitholders to the extent that the Trust's income exceeds expenses. Capital distributions are funded from capital receipts. Income and realised gain distributions are recognised when they are declared to the Trust.

Turnover

Turnover from investment property leased out under operating leases is recognised in the statement of total return on a straight line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

Notes to the financial statements (continued)

For the year ended 31 December 2012

2. Turnover

Turnover of the trust for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Total return before distributions

Total return before distributions is stated after (charging)/ crediting

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Consolidated		
(Impairment)/reversal of impairment of fixed asset property	(3,295)	1,070
Rental income received under operating leases	1,731	1,989

4. Finance costs: distributions

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Consolidated		
Distributions paid	1,306	1,967
Finance costs	1,306	1,967

Notes to the financial statements (continued)
For the year ended 31 December 2012

5. Investment properties

	Investment properties £000
Consolidated	
<i>Valuation</i>	
At 1 January 2012	32,940
Additions	335
Reversal of previous impairment	(3,295)
At 31 December 2012	29,980

The investment property was valued as at 31 December 2012 on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by Messrs Jones Lang LaSalle Chartered Surveyors as external valuers.

The historical cost of the property at 31 December 2012 was £34,973,000 (31 December 2011: £34,638,000).

6. Investment in the partnership

	31 December 2012 £000	31 December 2011 £000
Trust		
<i>At valuation</i>		
At 1 January 2012	13,055	11,986
Revaluation	(2,889)	1,069
At 31 December 2012	10,166	13,055

The investment, which comprises both capital and loans, represents a 99.93% share in the Filbert Village Student Accommodation Limited Partnership.

7. Debtors

	31 December 2012 £000	31 December 2011 £000
Consolidated		
Amounts owed by group undertakings	-	-
	-	-
Trust		
Amounts owed by group undertakings	-	-
	-	-

Notes to the financial statements (continued)
For the year ended 31 December 2012

8. Current liabilities (excluding net assets attributable to unitholders)

	31 December 2012 £000	31 December 2011 £000
Consolidated		
Amounts owed to group undertakings	19,588	19,582
Other creditors	239	313
	<u>19,827</u>	<u>19,895</u>
Trust		
Other creditors	<u>1</u>	<u>-</u>

9. Movement in units

	Year ended 31 December 2012 No.	Year ended 31 December 2011 No.
At beginning of the year	14,762,015	14,762,015
Issued in the year	-	-
At end of year	<u>14,762,015</u>	<u>14,762,015</u>

10. Control

Barclays Wealth Trustees (IOM) Limited and Island Nominees Limited, as Trustee of the Trust, are the controlling party.

The Trust's ultimate parent undertaking is The UNITE UK Student Accommodation Fund, a Jersey registered Unit Trust, effective from 15 December 2008.

11. Related party disclosure

As the Trust is owned within the group headed by The UNITE UK Student Accommodation Fund, the trust has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group entities on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.

**REGISTERED OFFICE
OF THE ISSUER**

4th Floor
40 Dukes Place
London EC3A 7NH

NOTE TRUSTEE, ISSUER SECURITY TRUSTEE AND OBLIGOR SECURITY TRUSTEE

Capita Trust Company Limited

The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

LEGAL ADVISERS

To the Issuer and the Obligors

as to English law
Allen & Overy LLP
One Bishops Square
London E1 6AO

To the Obligors as to Scots law

Dundas & Wilson CS LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN

*To the Joint Lead Arrangers and
the Bookrunners as to English
law*

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

*To the Obligor Security Trustee,
the Issuer Security Trustee and
the Note Trustee as to English
law*

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

*To the Joint Lead Arrangers, the
Bookrunners, the Obligor
Security Trustee, the Issuer
Security Trustee and the Note
Trustee as to Scots law*

Tods Murray LLP
Edinburgh Quay
133 Fountainbridge
Edinburgh EH3 9AG

**PRINCIPAL PAYING AGENT AND
ISSUER CASH MANAGER**

HSBC Bank plc
8 Canada Square
London E14 5HQ

LISTING AGENT

**Arthur Cox Listing Services
Limited**
Earlsfort Centre
Earlsfort Terrace
Dublin 2,
Ireland

PROPERTY MANAGER

UNITE Integrated Solutions plc
The Core
40 St. Thomas Street
Bristol BS1 6JX