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The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the Issuer in such jurisdiction.

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. The 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** or the **Lead Arranger** or a **Bookrunner**) 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.

UNITE (USAF) II plc

(incorporated in England and Wales with limited liability under registration number 8528639)

£125,000,000 3.921 per cent. Commercial Mortgage Backed Notes due June 2030

(to be consolidated, form a single series and be interchangeable for trading purposes with the £185,000,000 3.921 per cent. Commercial Mortgaged Backed Notes due June 2030 issued on 19 November 2013)

(Issue Price: 109.545 per cent. of the principal amount (plus 48 days' accrued interest in respect of the period from (and including) 31 March 2016 to (but excluding) 18 May 2016 at a rate of 3.921 per cent. per annum))

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 only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange Public Limited Company (the **Irish Stock Exchange**) for the £125,000,000 3.921 per cent. Commercial Mortgage Backed Notes due June 2030 (the **Further First New Notes**) of UNITE (USAF) II plc (the **Issuer**) to be admitted to the official list of the Irish Stock Exchange (the **Official List**) and to trading on its regulated market.

The Issuer previously issued £380,000,000 3.374 per cent. Commercial Mortgaged Backed Notes due June 2028 (the **Initial Notes**) and £185,000,000 3.921 per cent. Commercial Mortgaged Backed Notes due June 2030 (the **Initial First New Notes** and together with the Initial Notes, the **Existing Notes**) further described in "Key characteristics of the Initial Notes" and "Key characteristics of the Initial First New Notes" sections below on 18 June 2013 (the **Initial Closing Date**) and 19 November 2013 (the **Initial First New Closing Date** and together with the Initial Closing Date, the **Existing Closing Dates**), respectively. The Further First New Notes will form a single class with the Initial First New Notes and rank *pro rata* and *pari passu* with all of the Existing Notes from the Further First New Closing Date.

The Further First New Notes will be issued on 18 May 2016 or such later date as may be agreed by HSBC Bank plc (**HSBC** or the **Lead Arranger** or the **Bookrunner**), 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 (as defined below)) (the **Further First New Closing Date**). The primary source of funds for the payment of principal, interest and other amounts by the Issuer on the Existing Notes and the Further First New Notes (together with any Further Notes, Replacement Notes or New Notes (each as defined below), 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 (as defined below)) fees payable under the loan made by the Issuer to USAF Finance II Limited (the **Borrower**) on the Initial Closing Date (the **Initial Issuer/Borrower Loan**) and the loan made by the Issuer to the Borrower on the Initial First New Closing Date (the **Initial First New Issuer/Borrower Loan** and together with the Initial Issuer/Borrower Loan, the **Existing Issuer/Borrower Loans**) and under the loan to be made by the Issuer to the Borrower on the Further First New Closing Date (the **Further First New Issuer/Borrower Loan** and together with the Initial First New Issuer/Borrower Loan, the **First New Issuer/Borrower Loan**) and the further loans (together with the Existing Issuer/Borrower Loans and the Further First New Issuer/Borrower Loan, the **Issuer/Borrower Loans**) to be made by the Issuer to the Borrower on the dates of the issue of any Further Notes, Replacement Notes or New Notes after the Further First New Closing Date (together with the Existing Closing Dates, each a **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 Existing Issuer/Borrower Loans and the Further First New 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 made by the Borrower to the Limited Partnerships corresponding to the Issuer/Borrower Loan and also payments of principal by other Obligors (including the Limited Partnerships) under loans made by the Borrower to such other Obligors from time to time or the advance of loans made by such Obligors (including the Limited Partnerships) to the Borrower (each, an **Intra-Group Loan**) and the primary source of funds for payment of principal, interest and fees by the Limited Partnerships on or for the advance of the Intra-Group Loans will be the Limited Partnerships' right to receive rental payments from time to time in respect of a portfolio of student accommodation and commercial properties (the **Property Portfolio**).

The Further First New Notes will be issued in bearer form, represented initially by the Further First New Temporary Global Note (as defined below) exchangeable into the Further First New Permanent Global Note (as defined below) (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 Further First New Closing Date. Save in certain limited circumstances, Further First New Notes in definitive form will not be issued in exchange for the Further First New Global Notes.

The Further First New Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the Initial First New Notes on the exchange of the Further First New Temporary Global Note for interests in the Further First New Permanent Global Note which is expected to occur on or about 27 June 2016 (the **Exchange Date**). Until the Exchange Date, the Further First New Notes will have a temporary ISIN and temporary Common Code. After the Exchange Date, the Further First New Notes will have the same ISIN and Common Code as the Initial First New Notes.

Interest on the Further First New 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 on 30 June 2016 provided that: (i) the first Interest Period will commence on (and include) 31 March 2016 (the **Interest Accrual Date**) and end on (but exclude) the Interest Payment Date occurring on 30 June 2016; (ii) the final Interest Payment Date will occur on 30 June 2030 (the **Final Maturity Date** unless the Further First New Notes are redeemed in full on or prior to 30 June 2025 (the **Expected Maturity Date**)); and (iii) the final Interest Period will commence on (and include) the Interest Payment Date falling on 31 March 2030 or 31 March 2025 (as applicable) and end on (but exclude) the Final Maturity Date or the Expected Maturity Date (as applicable). Interest on the Further First New Notes will accrue at an annual rate of 3.921 per cent. Payments of interest in respect of the Further First New Notes are further described herein and, in particular, in Condition 4 (*Interest*) of the terms and conditions of the First New Notes reproduced herein in the section entitled "*Terms and Conditions of the Further First New Notes*" (the **First New Conditions**).

The Further First New Notes will mature on the Final Maturity Date unless previously redeemed in accordance with the First New Conditions. In addition to repayment of the Further First New Notes on the Final Maturity Date, the Further First New 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 First New Conditions.

If any withholding or deduction for or on account of tax is applicable to the Further First New Notes, payments of interest on, and principal and premium (if any) of, the Further First New 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 Existing Notes are, and the Further First New 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 Further First New 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, the Management Companies, the Management General Partners, the Limited Partners, UNITE, any other member of the UNITE Group, USAF, any unitholder in USAF, the Operator, the Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee, the RCF Provider(s) (if any), the RCF Agent (if any), the LF Provider(s), 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 Lead Arranger, the Bookrunner, the Principal Paying Agent or the Corporate Services Provider (each as defined herein). The indebtedness of the Borrower (including under the Existing Issuer/Borrower Loans and the Further First New 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, the Management Companies and the Management General Partners, all as more particularly described below. The Notes (including the Further First New Notes) will be secured over all of the assets and undertaking of the Issuer which will include its rights under the Issuer/Borrower Loans (including the Existing Issuer/Borrower Loans and the Further First New Issuer/Borrower Loan) and the security therefor, all as more particularly described below.

The Further First New Notes are expected on issue to be assigned an "A(sf)" rating by Standard & Poor's Credit Market Services Europe Limited (**S&P**) and an "Asf" rating by Fitch Ratings Ltd (**Fitch** together with S&P and any other rating agencies appointed by the Issuer from time to time to provide credit ratings for the Further First New Notes, 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*".

LEAD ARRANGER

HSBC

BOOKRUNNER

HSBC

Prospectus dated 13 May 2016

THE FURTHER FIRST NEW 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 FURTHER FIRST NEW NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO ANY U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (**REGULATION S**) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE FURTHER FIRST NEW 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*".

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

CBRE Ltd (**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 Property Portfolio Valuation Report contained in Appendix 1 to this Prospectus. To the best of CBRE's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in such sections and in the Property Portfolio 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 Further First New 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 Management General Partners, the Limited Partners, UNITE, any other member of the UNITE Group, USAF, any unitholder in USAF, the Operator, the Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee, the RCF Provider(s) (if any), the RCF Agent (if any), the LF Provider(s), the Property Manager, the Obligor Cash Manager, the Obligor Account Bank, the Issuer Cash Manager, the Issuer Account Bank, the Lead Arranger, the Bookrunner, 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 Further First New 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 Management General Partners, the Limited Partners, UNITE, any other member of the UNITE Group, USAF, any unitholder in USAF, the Operator, the Note Trustee, the Issuer Security Trustee, the Obligor Security Trustee, the RCF Provider(s) (if any), the RCF Agent (if any), the LF Provider(s), the Property Manager, the Obligor Cash Manager, the Obligor Account Bank, the Issuer Cash Manager, the Issuer Account Bank, the Lead Arranger, the Bookrunner, 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 Lead Arranger, the Bookrunner, 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 Lead Arranger, the Bookrunner, 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 Further First New Notes or their distribution.

No action has been or will be taken to permit a public offering of the Further First New 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 Further First New 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 Lead Arranger and the Bookrunner to inform themselves about, and to observe, any such restrictions. For a further description of certain restrictions on offers and sales of the Further First New 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, the Lead Arranger or the Bookrunner to subscribe for or purchase any of the Further First New 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 Further First New 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.

In connection with the issue of the Further First New Notes, HSBC Bank plc (the **Stabilisation Manager**) or any person acting for it may over-allot the Further First New Notes or effect transactions with a view to supporting the market price of the Further First New 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. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Further First New 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 Further First New Notes and 60 days after the date of allotment of the Further First New Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager or any person acting for it in accordance with all 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 matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on repayment, prepayment and certain other characteristics of the loans referred to in this Prospectus and reflect significant assumptions and subjective judgments by the Issuer and/or the Obligors that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will, "could", "believes", "expects", "projects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the expectations of the Issuer and/or the Obligors generally due to a variety of factors, including (but not limited to) the economic environment and changes in governmental regulations, fiscal policy, planning or tax laws in Ireland, the United Kingdom and other relevant jurisdictions. Other factors not presently known to the Issuer and/or the Obligors generally or that the Issuer and/or the Obligors presently believe are not material could also cause

results to differ materially from those expressed in the forward-looking statements included in this Prospectus. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Further First New Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer and/or the Obligors. None of the Lead Arranger, the Bookrunner, the Note Trustee, the Issuer Security Trustee and the Obligor Security Trustee have attempted to verify any such statements and they do not make any representation, express or implied, with respect thereto.

Prospective investors should not therefore place undue reliance on any of these forward-looking statements. None of the Issuer, the Obligors, the Lead Arranger and the Bookrunner or any other person assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

CERTAIN REGULATORY CONSIDERATIONS

Prospective investors should note that the Issuer has considered, and obtained legal advice as to, the applicability of EU risk retention and due diligence requirements to the transaction described in this Prospectus and, based solely upon such advice, is of the opinion that such EU risk retention and due diligence requirements do not apply to the Further First New Notes and are referred to the "*Risk Factors*" section of this Prospectus for further information on such EU risk retention and due diligence requirements and certain related considerations.

CONTENTS

OVERVIEW

Key characteristics of the Further First New Notes

The Further First New Notes are expected to be consolidated with, form a single series and be interchangeable for trading purposes with the Initial First New Notes from the Exchange Date.

Principal Amount:	£125 million
Closing Date:	18 May 2016
Expected Ratings (Fitch/S&P):	Asf and A(sf)
Offering:	Regulation S only
Issue Price:	109.545 per cent. of the principal amount (plus 48 days' accrued interest in respect of the period from (and including) 31 March 2016 to (but excluding) 18 May 2016 at a rate of 3.921 per cent. per annum)
Interest Rate:	3.921 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 June 2016
Business Days:	London
Expected Maturity Date:	30 June 2025
Final Maturity Date:	30 June 2030
Minimum Denomination:	£100,000
ISIN:	The temporary ISIN is XS1410545625. Following consolidation with the Initial First New Notes, the Further First New Notes will have an ISIN of XS0991898197.
Common Code:	The temporary common code is 141054562. Following consolidation with the Initial First New Notes, the Further First New Notes will have a common code of 099189819.
Listing:	Application has been made for the Further First New Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market.

Key characteristics of the Initial First New Notes

Principal Amount:	£185 million
Closing Date:	19 November 2013
Ratings (Fitch/S&P):	Asf and A(sf)
Offering:	Regulation S only
Issue Price:	99.994 per cent.
Interest Rate:	3.921 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 31 December 2013
Business Days:	London
Expected Maturity Date:	30 June 2025
Final Maturity Date:	30 June 2030
Minimum Denomination:	£100,000
ISIN:	XS0991898197
Common Code:	099189819
Listing:	The Initial First New Notes have been admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market.

Key characteristics of the Initial Notes

Principal Amount:	£380 million
Closing Date:	18 June 2013
Ratings (Fitch/S&P):	Asf and A(sf)
Offering:	Regulation 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:	30 June 2023
Final Maturity Date:	30 June 2028
Minimum Denomination:	£100,000
ISIN:	XS0942125963
Common Code:	094212596
Listing:	The Initial Notes have been 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**) 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 78 properties valued at over £2 billion which are located in 24 towns and cities across the UK providing over 26,800 bed spaces. See further the section of this Prospectus entitled "*USAF*" below.

Overview of the Property Portfolio

The Property Portfolio is comprised of 52 Properties with a total value of approximately £1,466,060,000 (as valued in the Property Portfolio Valuation Report carried out as at 31 March 2016 contained in Appendix 1). The property known as McDonald Road, Edinburgh was sold on 30 October 2014 and is no longer part of the Property Portfolio.

The Properties within the Property Portfolio as at the Further First New Closing Date will contain 18,827 beds and will be located in 19 different towns and cities across England and Scotland. See further the section of this Prospectus entitled "*Property Portfolio*".

Issue of the Notes and use of proceeds

The Issuer issued the Initial Notes on 18 June 2013 and the Initial First New Notes on 19 November 2013 (the **Existing Closing Dates**) and will issue the Further First New Notes on 18 May 2016 (the **Further First New Closing Date**) and may issue Further Notes, New Notes or Replacement Notes on any future date (together with the Existing Closing Dates and the Further First New Closing Date, the **Closing Dates** and each a **Closing Date**) from time to time subject to certain conditions being met. The proceeds of the Existing Notes were on the Existing Closing Dates, and the proceeds of the Further First New Notes will be on the Further First New Closing Date, and the proceeds of any Further Notes, New Notes or Replacement Notes will be on the relevant Closing Date, on-lent by the Issuer to the Borrower pursuant to a facilities agreement dated the Initial Closing Date (the **Issuer/Borrower Facilities Agreement** and the facilities provided by the Issuer to the Borrower thereunder on the Existing Closing Dates and from time to time (including on the Further First New Closing Date), the **Issuer/Borrower Facilities** and the loans made thereunder on the Existing Closing Dates and from time to time (including on the Further First New Closing Date), the **Issuer/Borrower Loans**).

The payment of interest and repayment of principal by the Borrower in respect of the Issuer/Borrower Loans advanced on the Closing Dates (including the Issuer/Borrower Loan to be advanced on the Further First New Closing Date, the **Further First New 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 (including the Further First New Notes). The fees and expenses of the Issuer incurred in connection with the issue of the Notes (including the Further First New Notes) will be met by the Issuer using certain fees payable by the Borrower pursuant to the Issuer/Borrower Facilities Agreement.

The Borrower has previously borrowed under the Issuer/Borrower Facilities Agreement from the Issuer (the **Existing Issuer/Borrower Loans**). The Issuer funded the making of the Existing Issuer/Borrower Loans by the issue of the Existing Notes on the Existing Closing Dates. The

Further First New Notes are issued as New Notes (with respect to the Initial Notes) and Further Notes (with respect to the Initial First New Notes) and will therefore rank *pro rata* and *pari passu* with the Existing Notes.

Other funding available to the Borrower

On the Initial Closing Date, Lloyds Bank plc (the **Original RCF Provider** and together with any assignees and transferees, the **RCF Providers**) made available a revolving credit facility to USAF No. 1 Limited Partnership (**LP1**), USAF No. 10 Limited Partnership (**LP10**) and Filbert Village Student Accommodation, L.P. (**LPFV** and together with LP1 and LP10, the **Original Limited Partnerships**) (the **Revolving Credit Facility** and the loans made under such facility, including the loan made to the Original Limited Partnerships on or about the Initial Closing Date, the **RCF Loans** and the agreement under which such facility is provided, the **Revolving Credit Facility Agreement**). LP1 and LP10 have made drawings under the Revolving Credit Facility of RCF Loans in aggregate of £25,000,000 equal to the available commitment.

On the Further First New Closing Date, the Borrower will apply the proceeds of the Further First New Issuer/Borrower Loan towards making a loan to LP1 pursuant to an intra-group agreement dated the Initial Closing Date as amended and restated on the Initial First New Closing Date (the **Intra-Group Agreement**). LP1 will, in turn, (i) use part of the proceeds of such loan to prepay the outstanding RCF Loans in full (and pay accrued interest and any related break costs) and (ii) use the balance of the proceeds of such loan to, in turn, on-lend to USAF No. 6 Limited Partnership (**LP6**) and USAF No. 8 Limited Partnership (**LP8**).

In addition, on the Further First New Closing Date, the Original Limited Partnerships will cancel all of the available commitment under the Revolving Credit Facility. As a result, the Original Limited Partnerships will not be able to make any further drawings of RCF Loans under the Revolving Credit Facility. However, one or more of the Obligors may enter into a replacement revolving credit facility following the Further First New Closing Date, subject to any such replacement revolving credit facility being Permitted Financial Indebtedness (requiring, among other conditions, that the then current ratings of the Notes will not be adversely affected by the entry into of such replacement revolving credit facility). Accordingly, all references in this Prospectus to the RCF Provider, the RCF Loans, the Revolving Credit Facility Agreement and the Revolving Credit Facility shall cease to apply from the Further First New Closing Date, unless and until any such replacement revolving credit facility is entered into. In such event, all such references in this Prospectus will instead apply to the provider of the loans made under the agreement providing for any such replacement revolving credit facility with such other amendments as may be necessary (such as to reflect the borrowers thereunder).

On the Initial Closing Date, HSBC (the **Original LF Provider**), the Issuer and the Original Limited Partnerships entered 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 as supplemented and amended on the Initial First New Closing Date and the Further First New Closing Date, the **Liquidity Facilities Agreement**) to cover (i) shortfalls in the amounts available to the Original Obligors to make payments of interest due on the RCF Loans and of scheduled payments due to Hedge Counterparties (if any) and certain expenses ranking senior thereto (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 thereto (the **Issuer Liquidity Facility** and together with the Obligor Liquidity Facility, the **Liquidity Facilities**).

On the Further First New Closing Date, the Original Limited Partnerships will reduce the available commitment under the Obligor Liquidity Facility. As a result of the prepayment of the outstanding RCF Loans in full (together with accrued interest and any related break costs) and the cancellation

of all of the available commitment under the Revolving Credit Facility on such date, the Original Limited Partnerships will not make any drawings under the Obligor Liquidity Facility to make payments of interest due on the RCF Loans, unless or until one or more of the Obligors enters into a replacement revolving credit facility following the Further First New Closing Date (requiring, among other conditions, that the then current ratings of the Notes will not be adversely affected by the entry into of such replacement revolving credit facility and, accordingly, any necessary increase in the available commitment under the Obligor Liquidity Facility).

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

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

The primary source of funds for payments of interest and fees and repayment of principal in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) will be payments of interest and fees and repayments of principal by the Limited Partnerships to the Borrower under the loans made by the Borrower to the Limited Partnerships corresponding to the Issuer/Borrower Loans and also payments of principal by another Obligor (including the Limited Partnerships) under loans made by the Borrower to such other Obligors from time to time or the advance of loans by such other Obligors (including the Limited Partnerships) to the Borrower from time to time (in each case) under the Intra-Group Agreement (each an **Intra-Group Loan** and together, the **Intra-Group Loans**). The primary source of funds for the payments of interest and fees and repayments of principal by the Limited Partnerships under the Intra-Group Loans, by the Original Limited Partnerships under the RCF Loans (if any) and by the Original Limited Partnerships under 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 Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) and the other Obligor Transaction Documents and the liabilities of the Original Limited Partnerships under the RCF Loans (if any), the liabilities of the Original Limited Partnerships under any Obligor LF Loans and the liabilities of the Limited Partnerships under the other Obligor Transaction Documents are cross-guaranteed by each other Obligor (the **Obligor Guarantees**). Each Obligor has granted, on the Initial Closing Date (in the case of the Original Obligors) or the Initial First New Closing Date (in the case of the new Obligors), 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 dated the Initial Closing Date between the Original Obligors and the Obligor Security Trustee (the **Original Obligor Deed of**

Charge) as supplemented and amended on the Initial First New Closing Date by a supplemental deed of charge (the **First Supplemental Obligor Deed of Charge** and together with the Original Obligor Deed of Charge, the **Obligor Deed of Charge**) pursuant to which the New Obligors acceded to the Obligor Deed of Charge and entered into 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 (**GPFV**) and LDC (Nairn Street) GP1 Limited and LDC (Nairn Street) GP2 Limited (together, **GPNS**)) and each Nominee (together with the Obligor Guarantees, the **Obligor Security**).

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

Each of the Obligor Loans is or 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 are set out under a common terms agreement (the **Common Terms Agreement** or **CTA**) and a master definitions agreement (the **MDA**) each entered into on the Initial Closing Date and amended and restated on the Initial First New Closing Date and to which the New Obligors acceded on the Initial First New Closing Date. The Obligor Guarantees and the Obligor Security are held by the Obligor Security Trustee on trust for itself and the Issuer, the Issuer Security Trustee, the LF Provider(s) (in respect of the Obligor Liquidity Facility), the RCF Provider(s) (if any), 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 (together, the **Obligor Secured Creditors**) under the terms of a security trust and intercreditor deed (the **STID**). The STID sets out the voting and intercreditor arrangements amongst the Obligor Secured Creditors (including the Note Trustee on behalf of the Noteholders).

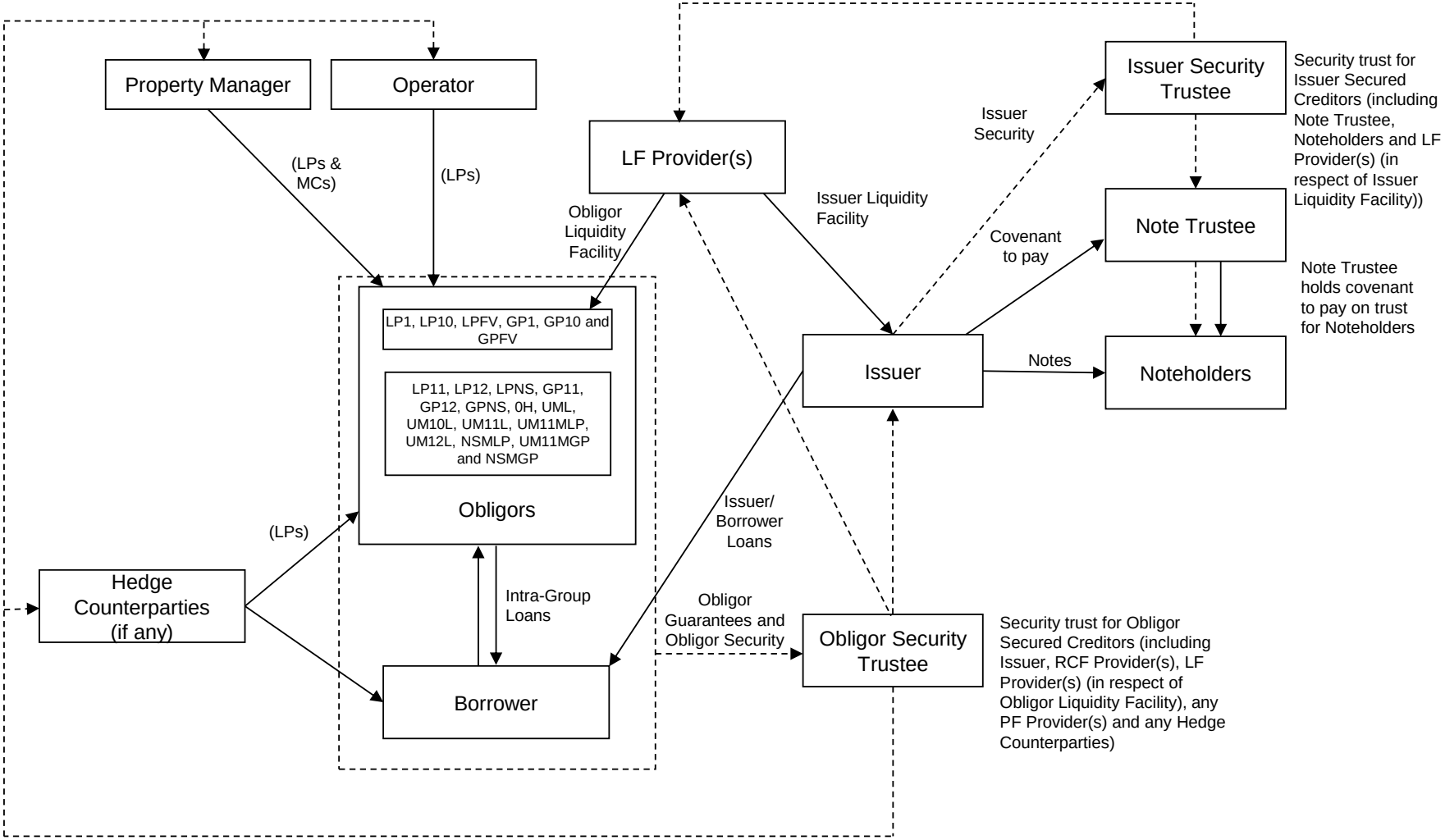
Issuer Security

The Issuer's obligations under the Notes (including the Further First New Notes), the Note Trust Deed, the Issuer Deed of Charge and the other Issuer Transaction Documents are secured by, amongst other things, the fixed and floating security granted by the Issuer over all its property, undertaking and assets and the assignment of the benefit of the security and the rights which the Issuer enjoys 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), the subscription agreements dated 11 June 2013 and 15 November 2013 in respect of the issuance of the Existing Notes (the **Existing Subscription Agreements**) and the subscription agreement dated 13 May 2016 in respect of the issuance of the Further First New Notes (the **Further First New Subscription Agreement** and together with the Existing Subscription Agreements, the **Subscription Agreements**) 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 (including the Further First New Noteholders) and/or Couponholders (including the First New Couponholders)), the Issuer Cash Manager, the Issuer Account Bank, the Paying Agents, the Corporate Services Provider, the LF Provider(s) (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 (together, the **Issuer Secured Creditors**).

General

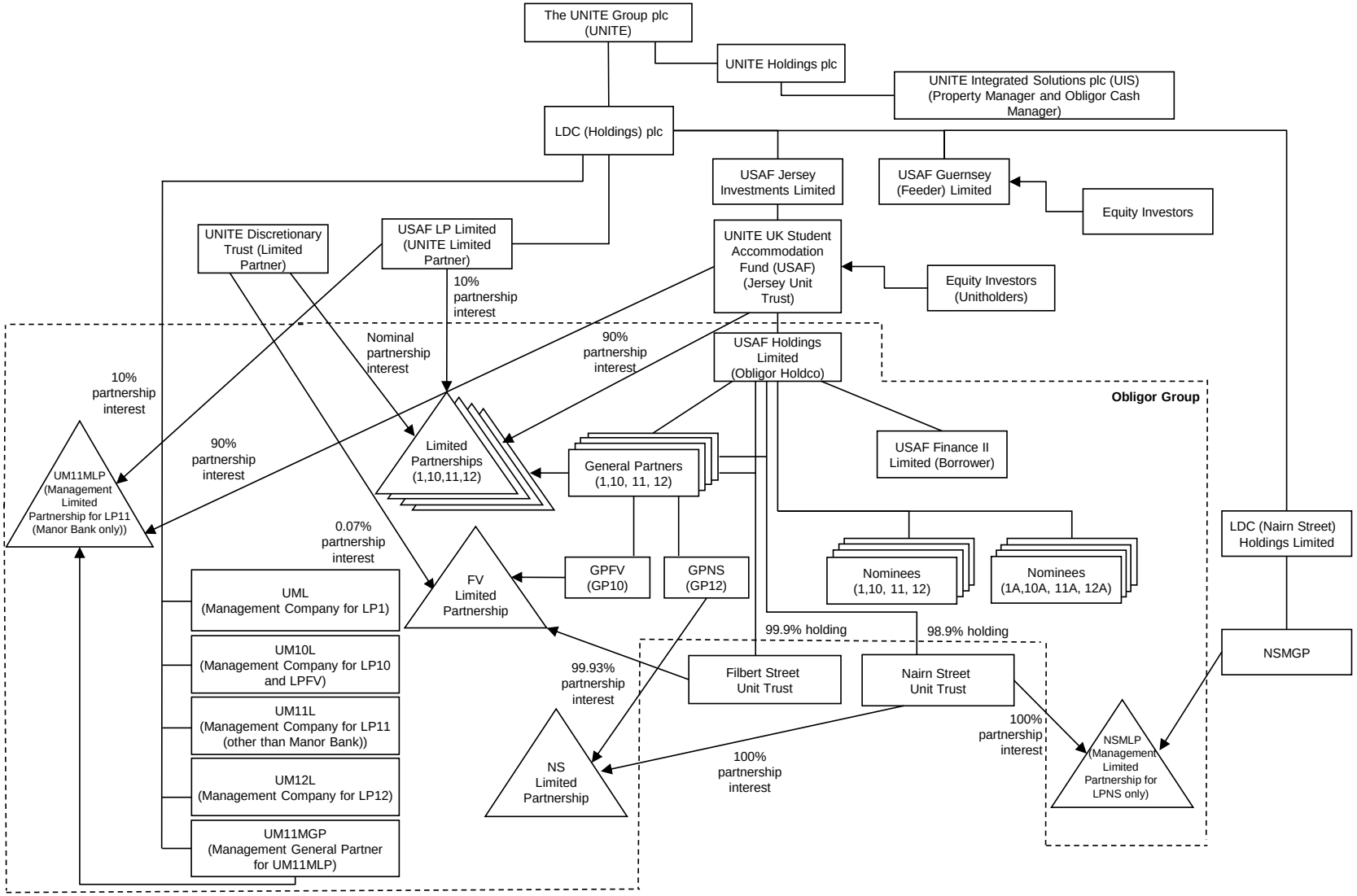
See the sections of this Prospectus entitled "*Diagrammatic Overview of the Transaction*" and "*Corporate Structure Diagram of the Obligors*" below for an overview of the transaction and the corporate structure of the UNITE Group, USAF and the Obligors on the Further First New Closing Date.

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION[1]



[1] As at the Further First New Closing Date.

CORPORATE STRUCTURE DIAGRAM OF THE OBLIGORS[2]



[2] As at the Further First New Closing Date.

RISK FACTORS

The following is a summary of certain aspects of the Further First New Notes, the Issuer and the related transactions of which prospective Further First New Noteholders should be aware. Prior to making an investment decision in the Further First New 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 in the Further First New Notes 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 FURTHER FIRST NEW NOTES

The Existing Notes and the Further First New Notes rank pari passu

The Issuer previously issued the Existing Notes on the respective Existing Closing Dates. The Further First New Notes will be issued on the Further First New Closing Date as New Notes (with respect to the Initial Notes) and as Further Notes (with respect to the Initial First New Notes) and will form a single class with the Initial First New Notes and rank *pro rata* and *pari passu* with all of the Existing Notes from the Further First New Closing Date. The Further First New Notes will be consolidated, form a single series and be interchangeable for trading purposes with the Initial First New Notes from the Exchange Date.

If for any reason the Issuer does not have sufficient funds to enable the Issuer to make payments in full of interest, principal and premium (if any) due on the Initial Notes and the Initial First New Notes, this will impact the Issuer's ability to make payments in full of interest, principal and premium (if any) due on the Further First New Notes which rank *pro rata* and *pari passu* with payments due on the Existing Notes and vice versa.

The Notes will not be guaranteed by any person

The Issuer is the only entity responsible for making any payments on the Notes (including the Further First New Notes). The Notes are (in respect of the Existing Notes), and will be (in respect of the Further First New Notes and any Further Notes, Replacement Notes or New Notes issued after the Further First New Closing Date), obligations of the Issuer only and are not (in respect of the Existing Notes), and will not be (in respect of the Further First New Notes and any Further Notes, Replacement Notes or New Notes issued after the Further First New Closing Date), obligations or responsibilities of, or guaranteed by, any other person or entity, including the Lead Arranger, the Bookrunner or their respective affiliates, the Borrower, any other Obligor, any member of the UNITE Group, USAF or any of its unitholders. The Notes are not (in respect of the Existing Notes), and will not be (in respect of the Further First New Notes and any Further Notes, Replacement Notes or New Notes issued after the Further First New Closing Date), 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 (including the Further First New Noteholders) in respect of any failure by the Issuer to pay any amount due under the Notes (including the Further First New Notes).

Furthermore, the Notes are (in respect of the Existing Notes), and will be (in respect of the Further First New Notes and any Further Notes, Replacement Notes or New Notes issued after the Further First New Closing Date), limited recourse obligations of the Issuer. If the Issuer has insufficient funds to make payment of the full amount of the Notes (including the Further First New Notes) after enforcement of the Issuer Security, then the Issuer Secured Creditors (which include the Noteholders (including the Further First New 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 (including the Further First New 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 Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan)*" 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 (including the Further First New Notes) and its obligations ranking in priority to, or *pari passu* with, the Notes (including the Further First New 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 (including the Further First New Notes), the Further First New Noteholders may incur a loss of interest, principal and/or premium (if any) which would otherwise be paid in accordance with the First New Conditions.

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 Further First New Noteholders may receive on redemption an amount less than the then Principal Amount Outstanding of their Further First New Notes and the Issuer may be unable to pay in full interest due and accrued on the Further First New 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 other Obligors – The Borrower's ability to meet its obligations in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan)*" below.

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

Application has been made to the Irish Stock Exchange for the Further First New Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market. The Further First New Notes will be new securities for which there is no established trading market (however, there is an established trading market for the Initial First New Notes, with which the Further First New Notes will be consolidated, form a single series and be interchangeable for

trading purposes from the Exchange Date). There can be no assurance that a secondary market in the Further First New Notes will develop (while not consolidated with the Initial First New Notes) or that the secondary market which has developed in relation to the Initial First New Notes will provide holders of the Further First New Notes with liquidity of investment or that it will continue for the life of the Further First New Notes. Consequently, prospective investors in the Further First New Notes should be aware that they may have to hold the Further First New Notes until their maturity to realise their investment. In addition, the liquidity and market value of the Further First New Notes may fluctuate with changes in prevailing rates of interest, market perceptions of the risks associated with the Further First New 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 Further First New Notes by Further First New Noteholders in any secondary market which may develop may be at a discount to the original purchase price of such Further First New Notes.

Lack of liquidity in the secondary market and future regulatory changes may adversely affect the market value of the Further First New Notes

Past events in the real estate and securitisation markets, and in the debt markets and the economy generally, have caused significant dislocations, illiquidity and volatility in the markets for CMBS as well as in the wider global financial markets (see the risk factors entitled "*Regulatory initiatives may have an adverse impact on the regulatory treatment of the Further First New Notes* and "*A change of law may adversely affect Further First New Noteholders*" for further details). Such market disruptions may return in the future and, as well as any future regulatory changes, may have an adverse effect on the market value of debt securities such as the Further First New 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 (a) the ability of investors in the Further First New Notes to sell the Further First New Notes and/or (b) the price they receive for the Further First New Notes in the secondary market. As a result, the secondary market for debt securities, such as the Further First New 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 Further First New Notes.

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

Further First New 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 Further First New Notes is likely to limit their market value. Generally, the market value of the Further First New Notes will not rise substantially above the price at which they are redeemed. However, it should be noted that the Further First New 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 Further First New 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 Further First New 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 Initial First New Closing Date, it has or will become unlawful for the Issuer to make, fund or allow to remain outstanding the First New Issuer/Borrower Loan. In addition, as further set out in Condition 6.4 (*Redemption upon repayment or prepayment of the First New Issuer/Borrower Loan*) of the First New Conditions, any voluntary prepayment of the First New Issuer/Borrower Loan by the Borrower will require the Issuer to redeem the First New Notes in advance of their Final Maturity

Date by giving notice to the First New Noteholders in accordance with Condition 14 (*Notice to First New Noteholders*) of the First New Conditions. At those times, an investor in the Further First New Notes generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Further First New Notes and may only be able to do so at a significantly lower rate. However a premium may be payable to the Further First New Noteholders in certain of these circumstances (see further the section of this Prospectus entitled "*Terms and Conditions of the Further First New* Notes"). Potential investors in the Further First New Notes 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 Further First New Notes

The ratings to be assigned by the Rating Agencies to the Further First New 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 Further First New 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 Further First New Notes is lowered or withdrawn, the market value of the Further First New 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 Further First New 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 Further First New 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 (including Further First New Noteholders). While each of the Issuer Secured Creditors (including the Noteholders (including Further First New 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 ratings of the Notes (including the Further First New 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 (including the Further First New 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 (including Further First New 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 (including the Further First New Notes) form a part since the Initial Closing Date. A confirmation from a Rating Agency represents only a restatement of the then current rating of the Notes (including the Further First New Notes) and cannot be construed as advice for the benefit of any parties to the transaction of which the Further First New 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 Further First New Notes

One or more independent credit rating agencies may assign an unsolicited credit rating to the Further First New 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 Further First New Notes. Such a rating may be lower than the rating assigned to the Further First New Notes by the Rating Agencies and may impact the market value of the Further First New 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.

Definitive Notes and denominations in integral multiples

The Further First New Notes will have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000. Accordingly, it is possible that the Further First New Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if definitive Further First New Notes are required to be issued, a Further First New Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a definitive Further First New Note in respect of such holding and may need to purchase a principal amount of Further First New Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If definitive Further First New Notes are issued, Further First New Noteholders should be aware that definitive Further First New Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

The Further First New Notes may not be a suitable investment for all investors

Each potential investor in the Further First New 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 Further First New Notes, the merits and risks of investing in the Further First New 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 Further First New Notes and the impact the Further First New 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 Further First New 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 Further First New 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 Further First New Notes, which are complex financial instruments, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Further First New Notes will perform under changing conditions, the resulting effects on the value of the Further First New Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

The Further First New Notes accrue interest at a fixed rate, as such, investment in the Further First New Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Further First New 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 (including the Further First New Notes), to pay, in full, all amounts of principal, interest and premium (if any) due in respect of the Notes (including the Further First New Notes).

Although the Issuer Security Trustee holds (in respect of the Existing Noteholders), or will hold (in respect of the Further First New Noteholders), the benefit of the Issuer Security on trust for, *inter alios*, the Noteholders (including the Further First New Noteholders) and the Obligor Security Trustee holds the benefit of the Obligor Security on trust for, *inter alios*, the Issuer (as lender to the Borrower of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan)), such security interests are or will also be held on trust for other Issuer Secured Creditors and Obligor Secured Creditors, respectively, that rank or will rank (as applicable) ahead of the Noteholders (including the Further First New Noteholders) and the Issuer (as lender to the Borrower of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan)). 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(s) (under the Issuer Liquidity Facility), the Issuer Cash Manager and the Issuer Account Bank in respect of certain amounts owed to them rank ahead of the Noteholders (including the Further First New

Noteholders) (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 (including the Further First New Noteholders) will be reduced. Likewise, certain of the Obligors' obligations to certain Obligor Secured Creditors will rank ahead of, or *pari passu* with, their obligations to the Issuer (as lender to the Borrower of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan)) under the Issuer/Borrower Facilities Agreement. Such persons include, *inter alios*, the Obligor Security Trustee (in its individual capacity), the RCF Provider(s) (if any), the LF Provider(s) (under the Obligor Liquidity Facility), the PF Provider(s) (if any) and any Hedge Counterparty under a Hedging Agreement (see the section of this Prospectus entitled "*Payment Priorities*").

Refinancing risk relating to the Issuer/Borrower Loans 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 Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) or any other Obligor Facility.

Unless previously repaid, the Borrower will be required to repay the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) on their Loan Final Maturity Date. The ability of the Issuer to redeem the Notes (including the Further First New Notes) on their Final Maturity Date is dependent on the repayment in full of the corresponding Issuer/Borrower Loan by the Borrower and the Borrower having sufficient funds to pay all amounts ranking *pari passu* and senior thereto. The ability of the Borrower to repay any Issuer/Borrower Loan (including the Further First New Issuer/Borrower Loan) in its entirety on its 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 relevant 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 Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan). Failure by the Borrower and/or other Obligors to refinance any Issuer/Borrower Loan (including the Further First New Issuer/Borrower Loan) or, in the case of the Obligors, failure to sell the Properties to refinance the Intra-Group Loans will result in the Borrower defaulting under the Issuer/Borrower Facilities. In the event of such a default, the Further First New Noteholders may receive by way of principal repayment an amount less than the then Principal Amount Outstanding of their Further First New Notes.

Issuer not obliged to pay additional amounts in the event withholding tax is levied in respect of the Further First New 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 Further First New Notes (as to which, in relation to United Kingdom tax, see the section of this Prospectus entitled "*Risk Factors – Tax Considerations – United Kingdom Taxation*"), neither the Issuer nor any other person will be obliged to pay any additional amounts to Further First New Noteholders and/or, if First New Definitive Notes are issued, First New Couponholders or to otherwise compensate Further First New Noteholders or First New 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*) of the First New Notes, 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 Further First New Notes, subject to the provisions set out in Condition 6.3 (*Optional redemption for taxation or other reasons*) of the First New Notes 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*) of the First New Notes the Issuer may redeem (without premium or penalty) all (but not some only) of the First New 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*) of the First New Notes.

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 Further First New Noteholders

Certain decisions by the Note Trustee may be made without the knowledge or consent of individual Further First New Noteholders. The Note Trust Deed contains provisions which determine the rights of and the resolution procedures regarding conflicts of interest between the Noteholders (including the Further First New 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 (including the Further First New Notes) or any of the Issuer Transaction Documents, subject to certain limitations (as more particularly set out below).

The Note Trustee may, without the consent or sanction of the Noteholders and/or Couponholders of any class (including the Further First New Noteholders and/or the First New Couponholders) or any of the other Issuer Secured Creditors (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 Liquidity Facilities Agreement and the Tax Deed of Covenant)) 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) (other than a Basic Terms Modification) the Notes and/or the Coupons (including the Further First New Notes and/or the First New Coupons), the Conditions (including the First New 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 Issuer Transaction Documents which are Common Documents, the Tax Deed of Covenant or the Liquidity Facilities Agreement) 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 give its consent to any event, matter or thing or direct the Issuer Security Trustee to do so, if: (a) in its opinion, it is proper to make or give and provided the Note Trustee is of the opinion that such modification or consent will not be materially prejudicial to the interests of all classes of the Noteholders and/or Couponholders (including the Further First New Noteholders and/or the First New Couponholders); 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 (including the First New 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 (including the Further First New Notes and/or the First New Coupons), the Conditions (including the First New 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 Issuer Transaction Documents which are Common Documents, 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, such modification is 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 approval or consent in accordance with the Issuer Deed of Charge or, where any Noteholders (including the Further First New Noteholders) are affected Issuer Secured Creditors, the Noteholders of each class (including the Further First New Noteholders) affected thereby have approved or consented to such modification or consent 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 (including the Further First New Noteholders and/or the First New Couponholders) and (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 the Coupons (including the Further First New Notes and/or the First New Coupons), the Conditions (including the First New Conditions), the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents or giving its consent to any event, matter or thing 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 Initial Closing Date and which modification(s) or consent(s) 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 (including the Further First New 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 any such modification or giving any such consent, 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 provisions of the STID relating to modifications thereto shall apply. 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 Issuer Transaction Documents and/or the Conditions (including the First New Conditions). 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/or the Couponholders (including the Further First New Noteholders and/or the First New Couponholders) and, unless the Note Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders in accordance with the Conditions (including the First New Conditions) as soon as practicable thereafter.

The STID provides that the Obligor Security Trustee shall seek the approval of the Noteholders (including the Further First New 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 (including the Further First New 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 (including the Further First New Notes), (ii) the Outstanding Principal Amount under the Revolving Credit Facility (if any), (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 (including the Further First New Noteholders) and there can be no assurance that any modification, consent or waiver or the enforcement action taken will be favourable to all Noteholders (including the Further First New Noteholders). Such risk is increased due to the fact that (a) the votes of the Noteholders (including the Further First New 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 Obligor Facilities will be taken in respect of such decisions and (b) only the votes of those Noteholders (including the Further First New 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 (including the Further First New 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 (including the Further First New Noteholders). Furthermore, in the case of modifications, consents or waivers, such changes may be detrimental to the interests of some or all Noteholders (including the Further First New Noteholders), despite the ratings of such Notes (including the Further First New 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 Initial 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 (including the Further First New 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 Initial Conditions, the First New Conditions (prior to amendment on the Further First New Closing Date) and the Note Trust Deed contain, and the First New Conditions (following amendment on the Further First New Closing Date) will contain, provisions for calling meetings of Noteholders (including the Further First New 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 the Further First New Noteholders), including Noteholders (including the Further First New Noteholders) who did not vote at the relevant meeting and Noteholders (including the Further First New Noteholders) who voted in a manner contrary to the majority. The Initial Conditions, the First New Conditions (prior to amendment on the Further First New Closing Date) and the Note Trust Deed also provide, and the First New Conditions (following amendment on the Further First New Closing Date) will provide, that the Note Trustee, subject to the provisions of the STID, may, without the consent of Noteholders (including the Further First New 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 (including the Further First New

Notes), or (ii) determine without the consent of the Noteholders (including the Further First New 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 (including the Further First New Notes) in place of the Issuer.

Further First New 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 Further First New Notes

The Further First New Notes will initially only be issued in global form and deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg. Interests in the Further First New Global Notes will trade in book-entry form only. The Common Depositary, or its nominee, for Euroclear and Clearstream, Luxembourg is and will be the sole holder of the Further First New Global Notes representing the Further First New 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 Further First New Notes.

Unlike the holders of the Further First New 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 Further First New Notes. The procedures to be implemented through Euroclear and Clearstream, Luxembourg may not be adequate to ensure the timely exercise of rights under the Further First New Notes.

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

The Issuer will pay principal and interest on the Further First New 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 Further First New Notes, (2) the Investor's Currency equivalent value of the principal payable on the Further First New Notes and (3) the Investor's Currency equivalent market value of the Further First New 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 in the Further First New Notes may receive less interest, principal and/or premium (if any) than expected on the Further First New Notes, or no interest, principal and/or premium (if any) at all.

Legal investment considerations may restrict investments in the Further First New 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 in the Further First New Notes should consult its legal advisers to determine whether and to what extent (a) the Further First New Notes are legal investments for it, (b) the Further First New 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 Further First New Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Further First New Notes under any applicable risk-based capital or similar rules.

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

The Further First New 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 Further First New 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 Further First New Notes (and beneficial interests therein) are subject to certain transfer restrictions. Potential Further First New 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 Further First New Noteholder to ensure that its offers and sales of Further First New Notes comply with applicable law. Potential Further First New 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 EU member states). 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.

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 (including the Further First New Notes). For example, the Original LF Provider has agreed 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, *inter alia*, the Notes (including the Further First New 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 (including the Further First New 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 (including the Further First New Issuer/Borrower Loan) 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 (including the Further First New Issuer/Borrower Loan) in full. If the Borrower chooses to repay such Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), the Issuer will then be obliged to redeem the corresponding Notes (including the First New Notes in the case of the First New Issuer/Borrower Loan) in accordance with the Conditions (including the First New Conditions as applicable). 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 (including the Further First New Issuer/Borrower Loan), the Issuer may not have sufficient funds to enable it to meet its payment obligations under the Notes (including the Further First New Notes in the case of the Further First New Issuer/Borrower Loan) and/or any other payment obligations ranking in priority to, or *pari passu* with, the Notes (including the Further First New Notes).

CONSIDERATIONS RELATED TO THE BORROWER AND OTHER OBLIGORS

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

The obligations of the Borrower are not insured or guaranteed by the other parties involved in the issuance of the Further First New 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 Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) in full and may result in investors receiving less interest or principal than expected on the Notes (including the Further First New Notes), in which case Further First New Noteholders may ultimately suffer a loss.

The Borrower's ability to meet its obligations in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan)

The Borrower's ability to meet its obligations under the Issuer/Borrower Loans (including the Further First New 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 in respect of the Property Portfolio is dependent on the stability of tenants and other counterparties*").

If the Borrower is unable to meet its obligations in respect of the Issuer/Borrower Loans (including the Further First New 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 granted by the Borrower and the other Obligors.

Consequences of the occurrence of RCF Prepayment Event

The Issuer/Borrower Facilities (including the Further First New Issuer/Borrower Facility) will rank *pari passu* with (among others) the Revolving Credit Facility (if any). However if a replacement revolving credit facility is entered into following the Further First New Closing Date and an RCF Prepayment Event has then occurred, the RCF Loans will in certain circumstances have priority in payment to the Issuer/Borrower Loans (including the Further First New 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 or a Change of Control as such terms are defined in

the Revolving Credit Facility Agreement) and such Obligor Event of Default has not been waived by the RCF Provider(s) in accordance with the terms of the Revolving Credit Facility Agreement. Further First New 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. Further First New Noteholders should also note that if a non-payment Obligor Event of Default occurs under the CTA, the Noteholders (including the Further First New Noteholders) waive such Obligor Event of Default (in accordance with the STID) and the RCF Provider(s) do 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 Account 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 (see the section of this Prospectus entitled "*Summary of the Transaction Documents – Common Terms Agreement – Prepayment Principles*").

This may impact the Limited Partnerships' ability to make subsequent payments under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments under the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the ability of the Issuer to make payment in respect of the Further First New 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 over-indebted 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 have covenanted 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) 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 Loans (including the Further First New 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 Loans (including the Further First New Issuer/Borrower Loan) which may affect the Issuer's ability to make payments of interest and principal on the Further First New Notes.

Any additional amounts required to be paid by an Obligor following termination of a Hedging Transaction (including any extra costs incurred in entering into a replacement hedging transaction) will also rank *pari passu* with payments in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) which may affect the Issuer's ability to make payments of interest and principal on the Further First New 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 (including the Further First New Issuer/Borrower Loan) pursuant to the Common Documents (in such capacity, a **Secured Creditor Representative**)) shall vote as directed by the Noteholders (including the Further First New Noteholders) on whether the Obligor Security Trustee should accelerate the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) 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 the Obligors (other than the Limited Partnerships and the Management Limited Partnerships) (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 to the Obligors (other than the Limited Partnerships and the Management Limited Partnerships) 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 (including the Further First New 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 Issuer/Borrower Loans (including the Further First New 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 Borrower's obligations under the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) in full

In the event of a default by the Borrower or other Obligor 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 Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) in full, in which case the Further First New 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 Further First New 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 to the Further First New 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 agreement and (ii) as provided in sections 4(3) and 6(1) of the Act (as to which 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 agreement, 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 agreement. 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 Original General Partners have agreed, and the New General Partners and the Management General Partners will agree, not to agree to terminate the relevant Limited Partnership or Management Limited Partnership (as applicable) 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 the Management Limited Partnerships and shall have no right or authority to act for, or on behalf of, or bind the Limited Partnerships and the Management Limited Partnerships. Provided that each Limited Partnership (and each General Partner and Management General Partner in the case of the Tax Deed of Covenant) complies with the covenants contained in the Obligor Security Documents, the CTA, the Obligor Facility Agreements, the Intra-Group Agreement, the Tax Deed of Covenant and the Partnership Deeds limiting its activities, the Limited Partnerships or the Management Limited Partnerships (as applicable) 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

In accordance with the terms of the CTA, the Borrower established certain individual bank accounts on the Initial Closing Date, and each General Partner on behalf of its Limited Partnerships and each Management Company (other than the Management Limited Partnerships) and the Management General Partners (for and on behalf of their respective Management Limited Partnerships) established on the Initial First New Closing Date certain joint bank accounts (in the case of such Original Obligors) in replacement of their existing individual bank accounts, (together, 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 the Transaction Documents – Common Terms Agreement*" below). In addition, the Issuer established the Issuer Accounts on the Initial Closing Date. The Borrower and each of the Limited Partnerships and the Management Companies have granted pursuant to the terms of the Obligor Deed of Charge, security over all of its interests in the Security Accounts, which, in each case, is expressed to be fixed security. The Issuer has granted, pursuant to the terms of the Issuer Deed of Charge, security over all of its interests in the Issuer 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 or an Issuer Event of Default (as applicable), it is likely that the Obligor Security Trustee or the Issuer Security Trustee (as applicable) will not exercise the requisite degree of control over the relevant Security Accounts or Issuer Accounts (as applicable) and, as such, a court would likely determine that the security interests granted in respect of the Security Accounts or the Issuer Accounts (as applicable) 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 the Security Accounts or the Issuer Accounts (as applicable) 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 Issuer or the relevant Obligor (as applicable) 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 land in England and Wales are generally subject to stamp duty land tax (**SDLT**) on the consideration paid for the transfer, subject to the availability of certain reliefs and, where applicable, special rules relating to particular transactions such as those involving partnerships. Prior to 1 April 2015, transfers of land in Scotland were also generally subject to SDLT on the same basis. A new tax on transactions in land situated in Scotland, called "land and buildings transaction tax" (**LBTT**), was introduced on 1 April 2015 and replaces SDLT for transfers of Scottish land and other land transactions in Scotland with an effective date on or after 1 April 2015.

The SDLT rules relating to transactions involving partnerships (such as the Limited Partnerships) apply to transfers of land in England and Wales (and, prior to the introduction of LBTT, applied to transfers of land in Scotland) 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 **Initial Reorganisation Properties**) were transferred to LP1 by USAF No. 4 Limited Partnership (**LP4**), USAF No. 5 Limited Partnership (**LP5**) and USAF No. 6 Limited Partnership (**LP6**) on the Initial Closing Date (the **Initial Reorganisation Transfers**). The Issuer understands that, at the time of the Initial Reorganisation Transfers, the relevant general partners and the DT Trustee were the only partners that were not partners in both the transferor and the transferee partnerships. The DT Trustee's and the relevant general partners' interests in the relevant partnerships at the time of the Initial Reorganisation Transfers were expected to be small and so, under these rules, only a relatively small amount of SDLT was payable on the transfer of the Initial Reorganisation Properties to LP1 by LP4, LP5 and LP6 on the Initial Closing Date. Certain other Properties (the **Initial First New Reorganisation Properties** and together with the Initial Reorganisation Properties, the **Reorganisation Properties**) were transferred to LP11 by LP8 on the Initial First New Closing Date (the **Initial First New Reorganisation Transfers**). The Issuer understands that, at the time of the Initial First New Reorganisation Transfers, USAF GP No. 8 Limited (**GP8**) and USAF GP No. 11 Limited (**GP11**) were the only partners that were not partners in both the transferor and the transferee partnerships. The interests of GP8 and GP11 in the relevant partnerships at the time of the Initial First New Reorganisation Transfers were expected to be small and so, under these rules, only a relatively small amount of SDLT should have been payable on the transfer of the Initial First New Reorganisation Properties to LP11 by LP8 on the Initial First New Closing Date.

Investors in the Further First New Notes 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 Initial Reorganisation Properties to LP1 by LP4, LP5 and LP6 on the Initial Closing Date or the transfer of the Initial First New Reorganisation Properties to LP11 by LP8 on the Initial First New Closing Date (as applicable), that SDLT would be chargeable at the applicable rate of a significant proportion of the market value of the Initial Reorganisation Properties or the Initial First New Reorganisation Properties (as applicable) at the time they were transferred. The SDLT would be a liability of each of the partners in LP1 or LP11 (as applicable) 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 (or, if the property is situated in Scotland and the withdrawal occurs on or after 1 April 2015, an LBTT charge). These rules will apply in relation to certain Properties held by LP11 and LP12 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 or will be made to LP1, LP11 and LP12 by the partners in these partnerships and persons connected to them (including the Borrower and other Limited Partnerships, 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 relevant Limited Partnerships disposed of a Property and distributed the (capital) profits to the partners within this period, SDLT (or, as applicable, LBTT) 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 (or, as applicable, LBTT) in this case would fall on all of the partners in the relevant Limited Partnership on a joint and several basis. The Obligor Transaction Documents provide for certain protection to be provided to mitigate the impact on the Notes (including the Further First New Notes) of any charge to SDLT chargeable on the withdrawal of money or money's worth from LP1, LP11 and LP12, including restrictions on the ability of the General Partners of these Limited Partnerships 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 LP1 by LP4, LP5 and LP6 or to LP11 by LP8 (as applicable) were to arise, or if any subsequent transaction as summarised above gave rise to a liability to SDLT (or, as applicable, LBTT), the ability of GP1, GP11 and GP12 on behalf of their respective Limited Partnership to meet its payment obligations under the Intra-Group Agreement and, consequently, the Borrower's ability to meet its payment obligations under the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), could be adversely affected. This may, in turn, impact the Issuer's ability to make payments in respect of the Further First New Notes.

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 or construction (as the case may be). In a case where all of the VAT incurred on the acquisition or construction 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 relevant 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, LP1, LP10, LP11 and LP12, 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 limited partnership would be liable to pay an amount to HMRC in respect of the tax recovered on the original acquisition and construction of these Properties and any such liability would fall on the relevant general partners. HMRC has confirmed that the VAT exempt supplies made by the transferee limited 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 £2.1 million) 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 Agreement and, consequently, the Borrower's ability to meet its payment obligations under the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), could be adversely affected which would adversely affect the Issuer's ability to make payment on the Further First New 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 Loans 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 Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) in accordance with the CTA and the Issuer/Borrower Facilities Agreement and the Issuer will then be obliged to redeem the Notes (including the Further First New Notes) in accordance with the Conditions (including the First New 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 Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) and/or other payment obligations ranking in priority to, or *pari passu*, with, the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), and this in turn may adversely affect the Issuer's ability to meet its payment obligations under the Further First New Notes and/or any other payment obligations ranking in priority to, or *pari passu* with, the Further First New Notes.

European Market Infrastructure Regulation

European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation (**EMIR**) entered into force on 16 August 2012.

EMIR and the regulations made under it impose certain obligations on parties to "over the counter" (the **OTC**) derivative contracts according to whether they are "financial counterparties", such as European investment firms, certain alternative investment funds, credit institutions and insurance companies, or other European entities which are "non-financial counterparties" or third country entities equivalent to "financial counterparties" or "non-financial counterparties".

Financial counterparties (as defined in EMIR) will, depending on the identity of their counterparty, be subject to a general obligation (the **clearing obligation**) to clear certain classes of OTC derivative contracts through a duly authorised or recognised central counterparty. They must also report the details of all derivative contracts to a trade repository (the **reporting obligation**) and in general undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty, including to comply with requirements related to timely confirmation of terms, portfolio reconciliation, dispute resolution, daily valuation and the exchange of margin (the **margin obligation** and, together with the other risk mitigation requirements, the **risk mitigation techniques**).

Non-financial counterparties are subject to the reporting obligation and certain of the risk mitigation techniques. However, they are not subject to the clearing obligation or the margin obligation unless the gross notional value of all derivative contracts entered into by the non-financial counterparty and other non-financial entities in its "group", excluding eligible hedging transactions, exceed certain thresholds (the **clearing threshold**) and its counterparty is (or would be) also subject to the clearing obligation or the margin obligation, as applicable. If a relevant Obligor exceeds the clearing threshold, that Obligor would be subject to the clearing obligation, depending on the identity of the hedging counterparty, in respect of any eligible OTC derivative contracts required to be cleared or, if the relevant OTC derivative contract is not a type required to be cleared, it may be subject to enhanced risk mitigation obligations, including the margin obligation.

The reporting obligation and the risk mitigation techniques other than the margin obligation are currently in force. The clearing obligation for certain classes of interest rate swaps will be phased-in with the first clearing deadline being 21 June 2016. Additional classes of OTC derivative contracts will also become subject to the clearing obligation. For example, the first clearing deadline for certain index credit default swap products is 9 February 2017. The margin obligation does not yet apply but is expected to apply from September 2016 in respect of certain entities. Key details in respect of the clearing obligation and the margin obligation are being provided through corresponding regulatory technical standards but some of these are not yet in force.

With certain regulatory technical standards not yet finalised, there remains some uncertainty in respect of certain aspects of EMIR and its application to securitisation vehicles. Compliance with the risk mitigation techniques and reporting obligations under EMIR and, as applicable, the clearing and margin obligations in relation to any OTC derivative contracts could give rise to additional costs and expenses for the relevant Obligor. This may impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) and may reduce the amounts available to the Limited Partnerships to

make payments to the Borrower under the Intra-Group Agreement, which may in turn also impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which (in each case) may in turn impact the Issuer's ability to make payments in respect of the Further First New Notes. Although there is a possibility that an Obligor may enter into OTC derivative contracts for a small proportion of the debt, the fact that most of the debt is fixed rate should mean that Obligors' and in turn the Issuer's exposure to these factors will be limited.

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 Event, Trigger Event, Obligor Event of Default or Potential Obligor Event 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 Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan)

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 Obligor Facilities (other than amounts due under the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) 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 Facilities 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 Limited Partnerships to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New Notes.

Interest deductibility

As announced in the Budget on 16 March, 2016 and in line with the OECD's recommendations under the Base Erosion and Profit Shifting project, new rules will apply from 1 April 2017 to restrict the deductibility for tax purposes of corporate interest expense for both third party and intra-group borrowing. Under current proposals the restriction would be based on a 30 per cent. fixed ratio rule, subject to a supplementary group ratio rule. It is currently proposed that there will be a £2 million starting threshold. Further consultation is expected to be conducted on the detail of all aspects of the rules in the near future. As such, no assurance can be given as to the impact of such rules on the Obligors' business. The rules may result in the Intra-Group Loans ceasing to be fully deductible for the Obligors, which could increase the Obligors' liability to tax. In addition, no assurance can be given that such matters would not adversely affect the market value of the Further First New Notes and/or the ability of the Issuer to satisfy its obligations under the Further First New Notes.

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 Further First New Noteholders suffering a loss on their Further First New Notes. See also the risk factor entitled "*Demand for Obligor accommodation provided by the Obligors may be affected by increasing competition between operators and increasing levels of residential development*".

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 to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans

(including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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, which may adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which in turn may impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) and the other Obligor Transaction Documents (as applicable), which in turn may impact the Issuer's ability to make payments in respect of the Further First New Notes.

Certain Nomination Agreements contain provisions allowing the relevant institution to terminate in the event of insolvency-related events relating to the relevant Management Company and certain Nomination Agreements contain mortgagee protection provisions. See the Property Portfolio 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 (including the Further First New Issuer/Borrower Loan) on the next Loan Interest 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 (including the Further First New 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 (where such interests are held by the Nominees on trust for a Limited Partnership) are entirely leasehold as opposed to freehold or heritable and a further three 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 93 years to 996 years with one lease having 58 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" (or, in Scotland, "irritancy"), 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, in relation to Properties in England, to the court for relief from forfeiture. If granted, this would result in the continuation of the lease. There is no equivalent procedure in Scotland for the relevant Limited Partnerships (and/or the Obligor Security Trustee as heritable creditor) to apply to the court for relief from irritancy, but in Scotland a landlord may not terminate a lease by way of irritancy in the case of a monetary breach of the lease unless the landlord has complied with the statutory notification requirements and, in the case of a non-monetary breach of the lease, if in all the circumstances of the case a fair and reasonable landlord would not seek to do so.

Relief from forfeiture

Relief is a discretionary remedy in England and Wales granted at the discretion of the court (as mentioned above, there is no equivalent procedure in Scotland). 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 relevant 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 may adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact on the Issuer's ability to make payments in respect of the Further First New Notes.

Reliance on the Property Portfolio Valuation Report

The full valuation in respect of the Property Portfolio was carried out as at 31 March 2016 and is set out in the valuation report dated 4 May 2016 (the **Property Portfolio Valuation Report**) prepared by CBRE. See the Property Portfolio Valuation Report contained in Appendix 1 to this Prospectus. 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 the valuations set out in the Property Portfolio Valuation Report. This may be as a result of a reduction in the rental rates achievable in respect of certain or all of the Properties. Other 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. Furthermore, the valuation of real estate is inherently subjective. There can be no guarantee that the sale of any of the Properties by an Obligor would necessarily realise the value at which such Property is held in its accounts.

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.

Real estate is illiquid

Real estate is illiquid and can be difficult to sell. The instances in which the Obligors would need to realise cash from their investments (whether by disposal of the Properties to their own co-investment vehicles or other third parties) are likely to be rare and required in the scenario where the valuations of the Properties have fallen to such a level that the disposal of the Properties is necessary. In such instances, the inability of the Obligors to sell the Properties for adequate consideration may adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payment in respect of the Further First New Notes.

Dependence on re-letting

The Obligors' ability to repay the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) and the 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 98 per cent., calculated on the basis of typical students' lease terms (of 9 to 12 months), in the 2015/2016 academic year and averaged 98 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 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 Property Portfolio 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, civil commotion 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 Loans (including the Further First New 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. This may adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn affect the Issuer's ability to make payments in respect of the Further First New Notes.

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 have been, as at the Initial Closing Date (in the case of the Original Nominees) or the Initial First New Closing Date (in the case of the New Nominees), registered as legal proprietors of the relevant Properties and consequently the Obligor Security Trustee was not registered immediately as proprietor of the first ranking mortgage or standard security granted or to be granted (as applicable) to it by each relevant Obligor over such Properties. Each Nominee has, as at the date of this Prospectus, been registered as legal proprietor of the relevant Properties and, in relation to such Properties, the Obligor Security Trustee has as at the date of this Prospectus been registered as proprietor of the first ranking mortgage or legal charge or standard security granted by each Obligor.

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 of the Obligor Security*".

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 relevant Existing Closing Date for each Property, all of the Properties were managed as to general upkeep and day-to-day operations by the Property Manager on behalf of the relevant Limited Partnership and the relevant Management Company.

Each Management Company has covenanted 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 (including any Further First New 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, the Management Companies or the Management General Partners has executive management resources of its own and, as such, the Borrower, the Limited Partnerships, the General Partners, the Nominees, the Management Companies and the Management General Partners 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 (including the Further First New 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 Further First New 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 tenantable 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 adversely affect the relevant Limited Partnership's ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New Notes.

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 adversely affect the relevant Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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 were produced. However, there is no condition precedent to the advance of the Further First New Issuer/Borrower Loan and/or to the issuance of the Further First New Notes for delivery of updated certificates and reports (other than the Property Portfolio Valuation Report). As such, updated

certificates and reports as at the Further First New Closing Date will not be produced. There can be no assurance that the historic certificates and reports will have identified all relevant factors relating to title. In addition, there can be no assurance that relevant factors affecting title have not arisen following the production of the historic certificates and reports (certain of such certificates and reports were produced prior to the Initial Closing Date and others were prepared prior to the Initial First New Closing Date).

Apart from:

1. 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 or such other form as may be agreed with the Obligor Security Trustee from time to time, most recently prepared and delivered to the Obligor Security Trustee in connection with the Properties (being on 18 June 2013 in relation to the 39 Properties owned by or acquired by the Original Obligors as at the Initial Closing Date (the **June 2013 Properties**) and on 19 November 2013 in relation to the 14 additional Properties owned or acquired by the New Obligors on or about the Initial First New Closing Date (the **November 2013 Properties**)), it being noted that the property known as McDonald Road, Edinburgh was sold on 30 October 2014 and is no longer part of the Property Portfolio;

2. the materiality 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 June 2013 Properties situated in England, by Nabarro LLP and Walker Morris LLP in respect of the November 2013 Properties situated in England and by Dundas & Wilson CS LLP in respect of the Properties situated in Scotland, issued on 18 June 2013 in relation to the June 2013 Properties and on 19 November 2013 in relation to the November 2013 Properties;

3. the Property Portfolio Valuation Report and the earlier dated valuation reports of the Property Portfolio (as at such time);

4. the environmental reports prepared by BWB Consulting Limited (at 11 Borough High St, London SE1 9SE as environmental consultant), issued on 18 June 2013 in relation to the June 2013 Properties and on 14 November 2013 in relation to the November 2013 Properties; and

5. the building condition surveys prepared by Jones LaSalle (at 40 Berkeley Square, Bristol BS8 1HU as building surveyor) and Savills (at 57 Berkeley Square, London W1J 6ER as building condition surveyor) prior to the Initial Closing Date (in respect of the June 2013 Properties) and the building condition surveys prepared by Jones LaSalle prior to the Initial First New Closing Date (in respect of the November 2013 Properties) (together, the **Building 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 Lead Arranger, the Bookrunner, 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 Issuer Security Trustee or the Obligor 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. Refer to the risk factor entitled "*Reliance on the Property Portfolio Valuation Report*" for further details.

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

Acquisitions and disposals of the Properties

Pursuant to the terms of the CTA, the Obligors 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 disposal and 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 acquisition or disposal of the Properties are regulated by the provisions of the Tax Deed of Covenant. See further the section of this Prospectus entitled "*Summary of the Transaction Documents – Common Terms Agreement*".

Obligors 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 adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New Notes.

Sinking funds established by the Obligors may prove to be insufficient

The Obligors have made provision for the renewal and maintenance of various building components/fabric. These amounts have been assessed by reference to the Building Condition 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 Manager's 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 adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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 adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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 adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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 Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which in turn may impact the Issuer's ability to make payments in respect of the Further First New 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.

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 the 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 to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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 have approved policies and procedures applicable to all their 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 to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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 in the Further First New Notes 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 to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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 Obligors' 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. The Obligors have no other sources of income other than the rents from occupiers of the accommodation and commercial lettings. Each Obligor's ability to meet its operating expenses may adversely affect the Limited Partnerships' ability to make payments under the Intra-Group Agreement, which in turn may impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New Notes.

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 England in accordance with agreed criteria.

When higher level tuition fees were introduced at the start of the 2012/2013 academic year, teaching funding was reduced and focused on supporting high cost and strategically important subjects and to underpin the costs of widening access. As a consequence, the majority of teaching funds now come in the form of tuition fees from individual students via the Student Loan Company, though HEFCE remains responsible for managing the allocation of student numbers in English universities. Until the 2014/2015 academic year, the Government capped the total number of UK and EU student places that a university could allocate. From 2015, the Government removed this cap on student numbers allowing universities to recruit as many students from the UK and the EU as they wish and increase the amount they receive in the form of tuition fees from them.

The Scottish Funding Council (**SFC**) is responsible for allocating public funds to Scotland's higher education institutions in support of Scottish Government priorities. SFC outlined an outcomes-based approach to funding in its strategic plan 2015-2018, which focused on supporting high quality learning, maintaining and improving Scotland's world-leading position in university research, and building on the progress in developing greater innovation in the economy. In addition to SFC funding, Scotland's higher education institutions also receive income from tuition fees.

The overall number of students in the UK has increased in the wake of these changes in teaching funding for universities. Whilst the changes have made a difference to some individual UK universities, there is no evidence of significant falls in student numbers at any particular UK university at present. However, any decrease in the numbers of students pursuing courses of study at the universities the Obligors' accommodation supports because of these changes could have a consequent effect on the rents the Obligors are able to collect and, as a result, may adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New Notes.

Changes in university support for students could affect participation of eligible students in university courses which could have an adverse impact on rental revenues

Currently, students from the poorest backgrounds in England are eligible for a student maintenance support grant. From 2016/2017, this grant will be abolished for new students and replaced with increased maintenance loans, the increase in which is greater than the amount of the student maintenance support grant that will be abolished. Student loans, which are a means tested approach based on household income, are also used in Scotland to fund students from the poorest backgrounds. Although universities also provide increasing support for students in the form of bursaries and scholarships, overall this will result in many students ending their course with a larger student loan than before. This may be expected to have a negative effect on applicants who perceive that they are credit constrained or expect to have a low lifetime income. However, repayments under the maintenance loan in England are only required to be made once income exceeds £21,000. In Scotland, student loans are only required to be repaid once the student begins to receive an income of over £17,495. In addition, the increase in fees in England in 2012 (see "*Increases in tuition fee cap funding could affect overall student numbers pursuing courses of study*" below for further details) did not lead to lower income groups reducing participation in university courses since then.

Any decrease in the numbers of students pursuing courses of study at the universities the Obligors' accommodation supports, because of these changes, could have a consequent effect on the rents the Obligors are able to collect and, as a result, may adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New Notes.

Removal of caps in the total number of UK and EU student places that a university can allocate could lead to more competition between universities for students which could have an adverse impact on rental revenues

The UK Government's removal of caps on the total number of UK and EU student places that a university in England can allocate is likely to increase overall student numbers in England and therefore the number of allocated beds at offered student accommodation in England. However

the removal of such caps may lead to increased competition between universities in England to attract new students. Whilst students may be more attracted to established and historically more highly regarded universities, there can be no assurance which universities will perform better in attracting students in the wake of the removal of such caps. In Scotland, the number of university places available remains subject to a cap to Scottish and EU students. There is however no cap on the number of students that can be accepted by Scottish universities from the rest of the UK and outside the EU.

Any adverse impact of the removal of such caps on the universities that the Obligors' accommodation supports could result in lower occupancy levels at the Obligors' accommodation and consequently lower rentals that the Obligors are able to collect and, as a result, may adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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, though this varies by university given that some universities are more heavily reliant on research funding from a wide range of sources. In 2011/2012, existing UK/EU students were charged up to a maximum of £3,465 per year in tuition fees by each university. Since the 2012/2013 academic year, universities in England 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). Since the 2012/2013 academic year, universities in Scotland can charge other students (from the rest of the UK) variable fees up to a maximum of £9,000. Each institution in England must comply with strict criteria set by the Office of Fair Access, ensuring that all students in England that meet its admissions criteria are able to access its courses regardless of their background. The increase in fees is offset by a reduction in teaching funds from the two funding bodies, however the capacity to off-set this fall in funding will be dependent upon the ability of a university to attract students. Demand for higher education has increased since the higher fee levels were introduced in the 2012/2013 academic year. The number of students studying at universities the Obligors' accommodation supports have also increased since the higher fee levels were introduced. However, any further increase in the costs of studying may have a negative effect on student numbers and, in particular, those studying at universities the Obligors' accommodation supports and a consequent effect on the demand for student accommodation provided by the Obligors which may adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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 Obligors in respect of such Properties. Such reduction may impact the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New Notes.

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

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 Obligors and may therefore adversely affect the Limited Partnerships' ability to make payments under the Intra-Group Agreement, which in turn may impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New Notes.

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

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*" for further details), changes in university support (see "*Changes in university support for students could affect participation of eligible students in university courses which could have an adverse impact on rental revenues*" for further details) and removal of caps on the total number of UK and EU student places (see "*Removal of caps in the total number of UK and EU student places that a university can allocate could lead to more competition between universities for students which could have an adverse impact on rental revenues*" 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 more marketised approach to student recruitment. From 2015/2016, universities in England are able to recruit an uncapped number of students from the UK and overseas. Universities in Scotland remain subject to a cap on the number of Scottish and EU students that can be accepted. As in England, there is however no cap on the number of students that Scottish universities can accept from the rest of the UK and outside the EU.

There is a risk that overall enrolment growth at universities across the UK 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.

Changes in immigration policy and student visas could affect overall student numbers pursuing courses of study which could have an impact on rental revenues

According to the Home Office "Statistical News Release: Immigration Statistics" report, sponsored higher education visas have continued to grow over the last five years and are now about 16 per cent. higher than in 2010. However, overall student visas fell about 22 per cent. following the UK's tighter immigration controls from the 2011/2012 academic year. Whilst the impact of this fall has been contained to other sectors such as short-term language courses, independent schools and further education, there can be no assurance that in future years this fall will not also negatively impact numbers of overseas students from outside the EU able to study in UK universities. In addition, there can be no assurance that the above fall in overall student visas will not also negatively impact numbers of EU students able to study in UK universities following the EU referendum in June 2016 (see the risk factor entitled "*Political uncertainty – EU referendum*" for further details).

Any such decrease in the numbers of overseas students from outside the EU and from the EU, and consequentially overall numbers of students, pursuing courses of study at UK universities and, in particular, at those universities the Obligors' accommodation supports could have a consequent effect on the rents the Obligors are able to collect and, as a result, may adversely affect the Obligors' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New Notes.

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 the Limited Partnerships to make the payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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, Replacement Notes or New Notes, relating to Incoming Properties of an Obligor (including an acceding Obligor) or an acquisition of an Incoming Property or a disposal of a Property in accordance with the CTA. As a consequence of an Incoming Property being acquired or of a Property being disposed, 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 with which they will be consolidated and form a single class. The disposal of a Property must also pass certain tests. See further the section of this Prospectus entitled "*Summary of the Transaction Documents – Common Terms Agreement*").

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

A university in England 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 in England must comply with certain requirements which are specified in HEFCE's Memorandum of Assurance and Accountability between HEFCE and institutions. Under these obligations, before entering into new financial commitments, institutions must obtain written consent from HEFCE if the increase in its financial commitments will result in total financial commitments exceeding five times its average earnings before tax depreciation and amortisation. Written consent to increase financial commitments is also required if HEFCE assesses an institution as being at higher risk. 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 Scotland, universities enter into individual outcome agreements with the SFC which outline what that university plans to deliver in return for funding.

In addition, the Secretary of State has the power to dissolve any higher education corporation in England and Wales 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 Obligors and may therefore adversely affect the Limited Partnerships' ability to make payments to the Borrower under the Intra-Group Agreement, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Further First New 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 or (in Scotland) heritable creditor 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 (including the Further First New 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 are 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 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 conflict remain unresolved, particularly as several subsequent challenges to the U.S. decision have been settled and certain other actions which raise similar issues are pending but have not progressed for some time.

If a creditor of the Issuer or the Borrower or any of the Limited Partnerships (such as a Hedge Counterparty in respect of the Borrower or any of the Limited Partnerships, although the Borrower has not and the Limited Partnerships have not entered into, and the Borrower does not and the Limited Partnerships do not intend to enter into, any Hedging Agreements on or prior to the Further First New Closing Date) 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 relevant 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).

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

In general, if a subordination provision included in the Issuer Transaction Documents and/or 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 Further First New Noteholders, the market value of the Further First New Notes and/or the ability of the Issuer to satisfy its obligations under the Further First New Notes.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Obligor Transaction Documents 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 Further First New Notes. If any rating assigned to the Further First New Notes is lowered, the market value of the Further First New 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.

Each of the Obligors believed that each guarantee was or 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 Obligor 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 has 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 the Obligor Guarantees or the granting of the Obligor Security) entered or to be entered into (as applicable), or payments (including pursuant to such the Obligor Guarantees) made or to be made (as applicable), 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 Lead Arranger, the Bookrunner, the Borrower, the other Obligors (or any subsidiary or affiliate of any such entities) or UNITE Group, *inter alia*, acquiring Notes (including the Further First New 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.

Political uncertainty – EU referendum

Pursuant to the European Referendum Act 2015, a referendum on the UK's membership of the EU will be held on 23 June 2016. The outcome of such a referendum is not known and there is considerable uncertainty as to the impact of either a "remain" or "leave" vote on the general economic condition in the UK. As such, no assurance can be given as to the impact of the referendum on the UK's membership of the EU or as to the impact of such membership continuing or not on the UK economy. However, with less than 10 per cent. of students coming from the EU, a vote to leave the EU is unlikely to have a fundamental impact on the Obligors' business and students from EU countries are likely to still want to study in the UK due to the teaching reputation of UK universities and the other positive cultural, social and economic aspects of studying in the UK that have attracted overseas students historically. Nonetheless if a negative effect of the UK voting to leave the EU on the economy is given greater significance than such other factors then this may adversely affect the Obligors' business and the market value of the Further First New Notes and/or the ability of the Issuer to satisfy its obligations under the Further First New Notes.

The effect on repayment of the First New 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 Issuer/Borrower Loans (including the First New Issuer/Borrower Loan) and the Notes (including the First New 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 First New Notes may become payable in euro, (b) applicable provisions of law may allow or require the Issuer to re-denominate such First New Notes into euro and take additional measures in respect of such First New 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 First New 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 First New 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 First New Noteholders.

Foreign Account Tax Compliance Act (FATCA) withholding may affect payments on the Further First New Notes

Whilst the Further First New Notes are held within the Clearing Systems, in all but the most remote circumstances, it is not expected that the new reporting and withholding regime under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the Clearing Systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Further First New Notes are discharged once it has made payment to, or to the order of, the Clearing Systems and the Issuer has therefore no responsibility for any amount thereafter transmitted through the Clearing Systems and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an **IGA**) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make. Prospective investors should refer to the section "*Risk Factors – Tax Considerations – Foreign Account Tax Compliance Act*".

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

The structure of the issue of the Notes (including the Further First New Notes), the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) and the ratings which have been assigned to the Existing Notes and which are to be assigned to the Further First New Notes are based on English law (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 Further First New Notes.

Securitisation tax regime

The securitisation tax regime provides for a permanent regime for the taxation of "securitisation companies" (as introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296). 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 this Prospectus and as such could adversely affect the tax treatment of the Issuer or the Borrower and consequently payments on the Issuer/Borrower Loans (including the Further First New Issuer/Borrower Loan) and the Further First New Notes.

Regulatory initiatives may have an adverse impact on the regulatory treatment of the Further First New 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 position for certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Further First New Notes are responsible for analysing their own regulatory position and none of the Issuer, the Lead Arranger, the Bookrunner or any of the parties to the transaction of which the Further First New Notes form makes any representation to any prospective investor or purchaser of the Further First New Notes regarding the regulatory treatment of their investment on the Further First New Closing Date or at any time in the future.

In particular, investors should note that the Basel Committee on Banking Supervision (**BCBS**) has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as "**Basel III**"), including certain revisions to the securitisation framework. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**)). BCBS member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the LCR requirements refer to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements refer to implementation from January 2018). As implementation of any changes to the Basel framework (including those made via Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities (e.g. as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to

regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

In addition, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement provision. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

The Issuer has considered, and obtained legal advice as to, the applicability of EU risk retention and due diligence requirements to the transaction described in this Prospectus and, based solely upon such advice, is of the opinion that the Further First New Notes do not constitute an exposure to a "securitisation" for the purposes of such EU risk retention and due diligence requirements and, accordingly, such EU risk retention and due diligence requirements should not apply to investments in the Further First New Notes. Therefore no entity has committed to retain a material net economic interest in relation to this transaction.

It should be noted that the European Commission has published legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by BCBS and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are material differences between the legislative proposals and the current requirements including with respect to application approach under the retention requirements and the originator entities eligible to retain the required interest. It is not clear whether, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted. In addition, the compliance position under any adopted revised requirements of transactions entered into prior to adoption, and of activities undertaken by a party (including an investor) in respect of such transactions, is uncertain.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Further First New 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 Further First New 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:

(a) 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;

(b) 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

(c) 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 or 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 has granted 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, each Management Company (other than the Management Limited Partnerships) and each Management General Partner has granted to the Obligor Security Trustee pursuant to the Obligor Deed of Charge falls or 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 or the Management Limited Partnerships, the legal interest in respect of each Property or (in the case of the Management Limited Partnerships) its Management Company Lease is held by two Nominees who (as joint trustees) hold the beneficial interest of the related Limited Partnerships and the Management Limited Partnerships (as applicable) in the Properties or (in the case of the Management Limited Partnerships) its Management Company Lease on a trust for land (as defined in the Trusts of Land and Appointment of Trustees Act 1996) in the case of the Properties or (in the case of the Management Limited Partnerships) its Management Company Lease in England and Wales and under a common law trust in the case of the Properties or (in the case of the Management Limited Partnerships) its Management Company Lease in Scotland, and supplemented by declarations of trust entered into on the Existing Closing Dates between and among the relevant Limited Partnership (acting through its General Partner) or the relevant Management Limited Partnership (acting through its Management 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) or Management General Partner (for and on behalf of its Management Limited Partnership) and the Obligor Security Trustee (the **Beneficiary**

Undertaking), each Limited Partnership and each Management Limited Partnership has covenanted to the Obligor Security Trustee that it will not call for a return of its legal interest in the Properties or (in the case of the Management Limited Partnerships) its Management Company Lease or for a dissolution of the trust or for a transfer of title to the Properties or (in the case of the Management Limited Partnerships) its Management Company Lease and has covenanted that it will not transfer its beneficial interests in the Properties or (in the case of the Management Limited Partnerships) its Management Company Lease. Each Nominee has granted (in the case of the Limited Partnerships and the Management Limited Partnerships) full fixed and floating security over all of its property, assets and undertaking pursuant to the Obligor Security Documents and has covenanted (in the case of the Limited Partnerships and the Management Limited Partnerships) 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 or a Management 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 or (in the case of the Management Limited Partnerships) its Management Company Lease and collect Rental Income in the ordinary course (notwithstanding the appointment of an administrator over the partnership assets of the relevant Limited Partnership or the relevant Management 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 has been granted by the Borrower, each General Partner (on behalf of its Limited Partnership), each Management General Partner (on behalf of its Management Limited Partnership) and the Nominees under the Obligor Security Documents, Obligor HoldCo has granted a first fixed charge and floating charge over the shares that it holds or will hold in the Borrower, the General Partners (other than GPFV and GPNS) and the Nominees to the Obligor Security Trustee, pursuant to the Obligor Deed of Charge and GP10 has granted a first fixed charge and floating charge over the shares that it holds in GPFV and GP12 has granted a first fixed charge and a floating charge over the shares that it holds in GPNS on the Initial First New Closing Date. 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 charge-holder (subject to any secondary legislation which may require the floating charge-holder to approve the amount of such expenses).

English law security and insolvency considerations

The Issuer has entered into the Issuer Deed of Charge pursuant to which it granted the Issuer Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Summary of the Transaction Documents – Obligor Security Documents*" *and* "*Summary of the Transaction Documents – Issuer Deed of Charge*"). Similarly, the Borrower and the other Obligors have (in the case of the Original Obligors) entered into the Original Obligor Deed of Charge, and have (in the case of the New Obligors) entered into the First Supplemental Obligor Deed of Charge, pursuant to which the Obligors have granted 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 Further First New 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 the 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 Issuer Secured Creditors under the Issuer Deed of Charge or the Obligor Secured Creditors under the Obligor 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 Issuer Secured Creditors under the Issuer Deed of Charge and the Obligor Secured Creditors under the Obligor Deed of Charge, it will be a matter of fact as to whether the Issuer or the relevant Obligor has any other such creditors at any time. There can be no assurance that the Further First New 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 have covenanted 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 Obligor Secured Creditors under the Obligor Security Documents or the Issuer Secured Creditors under the Issuer Deed of Charge may be first used to satisfy any claims of unsecured creditors of the relevant Obligor or the Issuer respectively.

Liquidation expenses

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 Issuer Secured Creditors under the Issuer Deed of Charge and/or Obligor Secured Creditors under the Obligor Security Documents will be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the Further First New 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 or the Issuer Security Trustee to enforce the Issuer 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 Further First New 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 the relevant 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 Further First New Noteholders

The transactions described in this Prospectus (including the issue of the Further First New Notes) and the ratings which are to be assigned to the Further First New Notes are based on the relevant law and administrative practice in effect as at the date hereof, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to the law (including any change in regulation which may occur without a change in primary legislation), administrative practice or tax treatment after the date of this document or can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Further First New Notes. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended and there can be no assurance that any such changes will not adversely affect the compliance position of a transaction described in this Prospectus or of any party under any applicable law or regulation.

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

INFORMATION INCORPORATED BY REFERENCE

The following financial statements shall be deemed to be incorporated in, and to form part of, this Prospectus and will be available (free of charge) on the Irish Stock Exchange website:

(a) audited financial statements of UNITE (USAF) II plc for the years ended:

(i) 31 December 2014 (at: http://www.ise.ie/debt_documents/ICM-24259814-v1-UNITE_(USAF)_II_plc_-_Dec_2014_Financial_Statement_301acdcd-f61a-4d1e-89bf-7210414bd371.pdf); and

(ii) 31 December 2015 (at: http://www.ise.ie/debt_documents/ICM-24259506-v1-UNITE_(USAF)_II_PLC_-_DEC_2015_FINANCIAL_STATEMENT_574b1656-7230-4b88-8baf-9894e74fd262.PDF);

(b) audited financial statements of UNITE Finance II Limited for the years ended:

(i) 31 December 2014 (at: http://www.ise.ie/debt_documents/ICM-24259817-v1-USAF_Finance_II_Limited_-_Dec_2014_Financial_Statement_86e883ca-64c0-4e51-93fc-45a1d8bd0bac.pdf); and

(ii) 31 December 2015 (at: http://www.ise.ie/debt_documents/ICM-24259524-v1-UNITE_FINANCE_II_LIMITED_-_DEC_2015_FINANCIAL_STATEMENT_10a992c9-80e7-41a9-80a7-3220156fb56b.pdf);

(c) audited financial statements of USAF No. 1 Limited Partnership for the years ended:

(i) 31 December 2014 (at: http://www.ise.ie/debt_documents/ICM-24259744-v1-USAF_No_1_LP_-_Dec_2014_Accounts_a2943da8-cb74-4431-85f0-f2f7c7f6d584.pdf); and

(ii) 31 December 2015 (at: http://www.ise.ie/debt_documents/ICM-24259557-v1-USAF_NO__1_LP_DEC_2015_FINANCIAL_STATEMENT_bb55f4fa-ac7b-49dd-9e8d-40d42cbb09ec.PDF);

(d) audited financial statements of USAF No. 10 Limited Partnership for the years ended:

(i) 31 December 2014 (at: http://www.ise.ie/debt_documents/ICM-24259740-v1-USAF_No__10_LP_-_Dec_2014_Financial_Statement_4a8d29e3-58c1-45b6-831f-1fc0e5a13a3e.pdf); and

(ii) 31 December 2015 (at: http://www.ise.ie/debt_documents/ICM-24259578-v1-USAF_NO_10_LP_DEC_2015_FINANCIAL_STATEMENT_78156dd2-462c-4a5b-b98e-1fb14c0fea34.PDF);

(e) audited financial statements of USAF No. 11 Limited Partnership for the years ended:

(i) 31 December 2014 (at: http://www.ise.ie/debt_documents/ICM-24259736-v1-USAF_No__11_LP_-_Dec_2014_Financial_Statement_46a30290-f686-4bb5-9a41-2b25f8a0f6df.pdf); and

(ii) 31 December 2015 (at: http://www.ise.ie/debt_documents/ICM-24259629-v1-USAF_NO_11_LP_DEC_2015_FINANCIAL_STATEMENT_c2ae54e3-1071-4691-b6bf-9c4a320c60e5.PDF);

(f) audited financial statements of USAF No. 12 Limited Partnership for the years ended:

(i) 31 December 2014 (at: http://www.ise.ie/debt_documents/ICM-24259729-v1-USAF_no_12_Dec_2014_Financial_Statement_b89e7c85-d184-46e1-a800-81eb2a094994.pdf); and

(ii) 31 December 2015 (at: http://www.ise.ie/debt_documents/ICM-24259644-v1-USAF_NO_12_LP_DEC_2015_FINANCIAL_STATEMENT_d039a076-bdd7-4564-b51f-2e26c4223d4d.PDF);

(g) audited financial statements of Filbert Village Student Accommodation, L.P. for the years ended:

(i) 31 December 2014 (at: http://www.ise.ie/debt_documents/ICM-24259753-v1-Filbert_Village_S_A_LP_Dec_2014_Financial_Statement_8840151b-e4b0-402b-8b34-77424b7b6c2b.pdf); and

(ii) 31 December 2015 (at: http://www.ise.ie/debt_documents/ICM-24259663-v1-FILBERT_VILLAGE_S_A_LP_DEC_2015_FINANCIAL_STATEMENT_c6cedcf0-7f96-4306-a16b-5ec4d503203a.PDF); and

(h) audited financial statements of LDC (Nairn Street) Limited Partnership for the years ended:

(i) 31 December 2014 (at: http://www.ise.ie/debt_documents/ICM-24259755-v1-LDC_(Nairn_Street)_LP_-_Dec_2014_Financial_Statement_31469ac2-4c8c-476f-a078-1be2039b0e6c.pdf); and

(ii) 31 December 2015 (at: http://www.ise.ie/debt_documents/ICM-24259676-v1-LDC_(NAIRN_STREET)_DEC_2015_FINANCIAL_STATEMENT_b1f76bc2-fc86-45eb-a221-2ffd874dd902.PDF).

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 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 USAF.

Obligors: Each Limited Partnership, each General Partner, each Nominee, the Obligor HoldCo, each Management Company and each Management General Partner (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**) has guaranteed 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.

Each Original Limited Partnership, each Original General Partner, each Original Nominee, the Obligor HoldCo and each Original Management Company are together referred to as the **Original Obligors**.

Each New Limited Partnership, each New General Partner, each New Nominee, each New Management Company and each Management General Partner are together referred to as the **New Obligors**.

Limited Partnerships: Each of USAF No. 1 Limited Partnership (registered number LP011470) (**LP1**), USAF No. 10 Limited Partnership (registered number LP013230) (**LP10**), Filbert Village Student Accommodation, L.P. (registered number LP011793) (**LPFV** and together with LP1 and LP10, the **Original Limited Partnerships**), USAF No. 11 Limited Partnership (registered number LP013683) (**LP11**), USAF No. 12 Limited Partnership (registered number LP014112) (**LP12**) and LDC (Nairn Street) Limited Partnership (registered number LP014385) (**LPNS** and together with LP11 and LP12, the **New Limited Partnerships**) 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**). LP1 was established under the terms of an amended and restated partnership deed dated 7 November 2006, LP10 was established under the terms of a partnership deed dated 12 December 2008, LPFV was established under the terms of a partnership deed dated 5 December 2006, LP11 was established under the terms of a partnership deed dated 18 November 2009, LP12 was established under the terms of a partnership deed dated 22 September 2010 and LPNS was established under the terms of a partnership deed dated 1 April 2011 (each, as further amended and/or restated from time to time, each a **Partnership Deed** and together with the Management Limited Partnership Partnership Deeds, the **Partnership Deeds**).

General Partners: Each of USAF GP No. 1 Limited (registered number 05897875) (**GP1**), USAF GP No. 10 Limited (registered number 06714734) (**GP10**), Filbert Village GP Limited (registered number 06016554) (**GPFV** and together with GP1 and GP10, the **Original General Partners**), USAF GP No. 11 Limited (registered number 07075210) (**GP11**), USAF GP No. 12 Limited (registered number 07368735) (**GP12**) and LDC (Nairn Street) GP1 Limited (registered number 07580262) and LDC (Nairn Street) GP2 Limited (registered number 07580257) (together, **GPNS** and together with GP11 and GP12, the **New General Partners**) 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, in the case of GP11, at The Core, 40 St. Thomas Street, Bristol BS1 6JZ), and is, in the case of GP1, the general partner to LP1, and is, in the case of GP10, the general partner to LP10, and is, in the case of GPFV, the general partner to LPFV, and is, in the case of GP11, the general partner to LP11, and is, in the case of GP12, the general partner to LP12 and are, in the case of GPNS, the general partners to LPNS (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 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 LPFV and LPNS) and other limited partnerships within USAF, with a 10 per cent. partnership interest in each. The UNITE Limited Partner is indirectly wholly owned by UNITE.

Each of Sanne Trustee Services Limited acting in its capacity as trustee of the UNITE UK Student Accommodation Fund (**USAF**) and Michael James Wills Farrow acting in his capacity as trustee of the UNITE Discretionary Trust, 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 LPFV and LPNS) with a 90 per cent. partnership interest and nominal partnership interest, respectively (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 Barclays Wealth Trustees (Isle of Man) Limited (formerly Walbrook Trustees (IOM) Limited) and Island Nominees Limited (the **Filbert Street Student Accommodation Unit Trust** or **FVUT**) is a limited partner in LPFV (each, a **Limited Partner** for such purpose). The UNITE Discretionary Trust has a 0.07 per cent. interest in the LPFV and FVUT has a 99.93 per cent. interest in the LPFV.

Sanne Trustee Services Limited (acting in its capacity as trustee of LDC (Nairn Street) Unit Trust) (the **Nairn Street Unit Trust**) is the sole limited partner in LPNS.

Nominees: Each of USAF Nominee No. 1 Limited (registered number 05855598) (**Nominee 1**), USAF Nominee No. 1A Limited (registered number 05835512) (**Nominee 1A**), USAF Nominee No. 10 Limited (registered number 06714690) (**Nominee 10**), USAF Nominee No. 10A Limited (registered number 06714615) (**Nominee 10A** and together with Nominee 1, Nominee 1A and Nominee 10, the **Original Nominees**), USAF Nominee No. 11 Limited (registered number 07075251) (**Nominee 11**), USAF Nominee No. 11A Limited (registered number 07075213) (**Nominee 11A**), USAF Nominee No. 12 Limited (registered number 07368733) (**Nominee 12**) and USAF Nominee No. 12A Limited (registered number 07368755) (**Nominee 12A** and together with Nominee 11, Nominee 11A and Nominee 12, the **New Nominees**) (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 Nominee 1, with Nominee 1A on trust for LP1, and jointly, in the case of Nominee 10, with Nominee 10A on trust for LP10 and (in respect of the Property known as Filbert Village) for LPFV, and jointly, in the case of Nominee 11, with Nominee 11A on trust for LP11 and (in the respect of the Management Company Lease of the Property known as Kelvin Court where Nominee 12 and Nominee 12A are the landlords and Nominee 11 and Nominee 11A are the tenants) for NSMLP and, jointly, in the case of Nominee 12, with Nominee 12A on trust for LP12 and (in respect of the Property known as Kelvin Court) for LPNS and (in respect of the Management Company Lease of the Property known as Manor Bank where Nominee 11 and Nominee 11A are the landlords and Nominee 12 and Nominee 12A are the tenants) for UM11MLP. Each Nominee is wholly owned by the Obligor HoldCo.

Management Companies:

Each of (i) USAF Management Limited (registered number 05862721) (**UML**) has been appointed by Nominee 1 and Nominee 1A on behalf of LP1, (ii) USAF Management 10 Limited (registered number 06714695) (**UM10L**) has been appointed by the Nominee 10 and Nominee 10A on behalf of LP10 and on behalf of LPFV (UML and UM10L together, the **Original Management Companies**), (iii) USAF Management 11 Limited (registered number 07082782) (**UM11L**) and (in respect of the Property known as Manor Bank) USAF No. 11 Management Limited Partnership (registered number LP014086) (**UM11MLP**) have been appointed by Nominee 11 and Nominee 11A on behalf of LP11, (iv) USAF Management 12 Limited (registered number 07365681) (**UM12L**) and (in respect of the Property known as Kelvin Court) LDC (Nairn Street) Management Limited Partnership (registered number LP014719) (**NSMLP** and together with UM11MLP, the **Management Limited Partnerships**) have been appointed by Nominee 12 and Nominee 12A on behalf of LP12 and LPNS respectively (UM11L, UM11MLP, UM12L and NSMLP together, the **New Management Companies**) as managers (each together with any other limited partnership or company to which a Limited Partnership, whose General Partner is a subsidiary of Obligor HoldCo, provides a Management Company Lease, a **Management Company** and together the **Management Companies**) of the Properties pursuant to certain Management Company Leases.

UM11MLP was established under the terms of a partnership deed which was amended and restated on 10 September 2010 and NSMLP was established under the terms of a partnership deed which was amended and restated on 21 October 2011 (each as further amended and/or restated from time to time, each a **Management Limited Partnership Partnership Deed** and together the **Management Limited Partnership Partnership Deeds**).

Management General Partners:

Each of USAF GP No. 11 Management Limited (registered number 07351883) (**UM11MGP**) and LDC (Nairn Street) GP3 Limited (registered number 07808933) and LDC (Nairn Street) GP4 Ltd. (registered number 07808919) (together, **NSMGP**) 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 UM11MGP, the general partner to UM11MLP and, in the case of the NSMGP, the general partners to NSMLP. UM11MGP and NSMGP are each a **Management General Partner** and are together the **Management General Partners**.

Each of (i) UNITE Limited Partner and (ii) Sanne Trustee Services Limited (acting in its capacity as trustee of USAF) is a limited partner in UM11MLP (each a **Limited Partner**).

LDC (Nairn Street) Unit Trust is the sole limited partner in NSMLP (a **Limited Partner**).

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 LP1), a deed of adherence to the property and asset management agreement dated 12 December 2008 (in the case of LP10), a deed of adherence to the Property Management Agreement dated 15 December 2008 (in the case of LPFV), a deed of adherence to the Property Management Agreement dated 22 October 2010 (in the case of LP11), a deed of adherence to the Property Management Agreement dated 22 October 2010 (in the case of LP12) and a deed of adherence to the Property Management Agreement dated 29 November 2012 (in the case of LPNS (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 has been 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 and each Management 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**) has been 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 Mortgage Backed Notes due 30 June 2028 issued by the Issuer (the **Initial Notes**) dated the Initial Closing Date (the **Original Note Trust Deed**) between the Issuer and the Note Trustee, as supplemented by a supplemental deed thereto constituting the £185,000,000 3.921 per cent. Commercial Mortgage Backed Notes due 30 June 2030 issued by the Issuer (the **Initial First New Notes**) dated the Initial First New Closing Date (the **First Supplemental Note Trust Deed**) and as further supplemented by a supplemental deed thereto constituting the £125,000,000 3.921 per cent. Commercial Mortgage Backed Notes due 30 June 2030 (the **Second Supplemental Note Trust Deed**). The Original Note Trust Deed, the First Supplemental Note Trust Deed and the Second Supplemental Note Trust Deed are together referred to as the **Note Trust Deed**.

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**) has been 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 dated the Initial Closing Date (the **Original Issuer Deed of Charge**) as supplemented by a supplemental deed thereto dated the Initial First New Closing Date (the **First Supplemental Issuer Deed of Charge** and together with the Original Issuer Deed of Charge, the **Issuer Deed of Charge**, and the security granted thereunder, the **Issuer Security**) each between (among others) the Issuer and the Issuer Security Trustee.

Obligor Security Trustee: Capita Trust Company Limited has been appointed as security trustee pursuant to the STID dated the Initial Closing Date between, among others, the Borrower, the other Original Obligors and the Obligor Secured Creditors (in such capacity, together with any successors or assigns or additional or other security trustee or security trustees appointed pursuant to the STID, the **Obligor Security Trustee**) to which the New Obligors acceded on the Initial First New Closing Date. The Obligor Security Trustee holds the security (the **Obligor Security**) granted by the Original Obligors pursuant to a deed of charge and assignment dated the Initial Closing Date between (among others) the Original Obligors and the Obligor Security Trustee (the **Original Obligor Deed of Charge**) and by the New Obligors pursuant to a supplemental deed thereto dated the Initial First New Closing Date between (among others) the New Obligors and the Obligor Security Trustee (the **First Supplemental Obligor Deed of Charge** and together with the Original Obligor Deed of Charge, the **Obligor**

Deed of Charge) on trust for itself and the other Obligor Secured Creditors and is entitled to enforce the Obligor Security subject to and in accordance with the terms of the STID.

Original RCF Provider: Lloyds Bank plc (together with any assignees or transferees, the **RCF Providers**) provided a revolving credit facility (the **Revolving Credit Facility**) of up to £25,000,000 to the Original Limited Partnerships pursuant to an agreement (the **Revolving Credit Facility Agreement**) dated the Initial Closing Date between it, the Original Limited Partnerships acting through their relevant Original General Partners, the other Original Obligors and the Obligor Security Trustee. On the Further First New Closing Date, the outstanding RCF Loans will be prepaid in full (together with accrued interest and any related break costs) and all of the available commitment under the Revolving Credit Facility will be cancelled. As a result, the Original Limited Partnerships will not be able to make any further drawings of RCF Loans under the Revolving Credit Facility Agreement, unless and until a replacement revolving credit facility agreement is entered into.

RCF Agent: Lloyds Bank plc (as agent of the Original RCF Provider(s)) or any facility agent appointed under any replacement revolving credit facility agreement (the **RCF Agent**).

Original LF Provider: HSBC Bank plc (together with any assignees or transferees, the **LF Provider**) provides committed sterling revolving liquidity facilities and standby facilities to the Original 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**) dated the Initial Closing Date between it, the Issuer, the Original Limited Partnerships acting through their relevant Original General Partners, the Issuer Cash Manager, the Obligor Cash Manager, the Issuer Security Trustee, the Borrower and the Obligor Security Trustee, which was supplemented and amended on the Initial First New Closing Date to provide for an increase in the commitment under the Issuer Liquidity Facility and will be further supplemented and amended on the Further First New Closing Date to provide for a reduction in the commitment under the Obligor Liquidity Facility and a further increase in the commitment under the Issuer Liquidity Facility. Each of the Issuer and the Original 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**) has been appointed as account bank to the relevant Original Obligors pursuant to the terms of the account bank agreement (the **Obligor Account Bank Agreement**) dated the Initial Closing Date between the Borrower, the Original General Partners for and on behalf of their respective Original Limited Partnerships, the Original Management Companies, the Obligor Account Bank, the Obligor Cash Manager and the Obligor Security Trustee, which was amended and restated on the Initial First New Closing Date to provide for the accession of the New Limited Partnerships, the New General Partners (for and on behalf of their respective New Limited Partnerships), the New Management Companies (other than the Management Limited Partnerships) and the Management General Partners (for and on behalf of their respective Management Limited Partnerships). The Obligor Account Bank performs and will perform certain account bank services in relation to certain accounts (the **Obligor Accounts**) on behalf of the Borrower, the General Partners for and on behalf of their respective Limited Partnerships, the Management Companies (other than the Management Limited Partnerships) and the Management General Partners (for and on behalf of their respective Management Limited Partnerships).

The Obligors are required to maintain: (a) the transaction account established by the Borrower as at the Initial Closing Date in accordance with the CTA (including the Borrower's interest in any replacement account, the **Borrower Account**); (b) the liquidity standby account established in the joint names of the Original General Partners for and on behalf of their respective Original Limited Partnerships as at the Initial Closing Date in accordance with the CTA (including the Original Limited Partnerships' interests in any replacement account, the **Obligor Liquidity Standby Account**); (c) the cure deposit account established in the joint names of each General Partner for and on behalf of its respective Limited Partnership as at the Initial First New Closing Date in accordance with the CTA (including each Limited Partnership's interest in any replacement account, the **Cure Deposit Account**); (d) the liquidity reserve account established in the joint names of each General Partner for and on behalf of its respective Limited Partnership as at the Initial First New Closing Date in accordance with the CTA (including the Limited Partnerships' interests in any replacement account, the **Obligor Liquidity Reserve Account**); (e) the disposal proceeds account established in the joint names of each General Partner for and on behalf of its Limited Partnership as at the Initial First New Closing Date in accordance with the CTA (including each Limited Partnership's interest in any replacement account, the **Disposal Proceeds Account**); (f) the sinking fund account established in the joint names of each General Partner for and on behalf of its Limited Partnership as at the Initial First New Closing Date in accordance with the CTA (including each Limited Partnership's interest in any replacement account, the **Sinking Fund Account**); (g) the defeasance account established in the joint names of each General Partner for and on behalf of its Limited Partnership as at the Initial First New Closing

Date in accordance with the CTA (including each Limited Partnership's interest in any replacement account, the **Defeasance Account**); (h) the lock-up account established in the joint names of each General Partner for and on behalf of its Limited Partnership as at the Initial First New Closing Date in accordance with the CTA (including each Limited Partnership's interest in any replacement account, the **Lock-Up Account**); (i) the general account established in the joint names of each General Partner for and on behalf of its Limited Partnership as at the Initial First New Closing Date in accordance with the CTA (including each Limited Partnership's interest in any replacement account, the **General Account**); (j) the VAT account established in the joint names of GP1 (for and on behalf of LP1, LP10, LP11 and LP12), GP10 (for and on behalf of LP10), GP11 (for and on behalf of LP11), GP12 (for and on behalf of LP12), GPFV (for and on behalf of LPFV) and GPNS (for and on behalf of LPNS) as at the Initial First New Closing Date in accordance with the CTA (including each Limited Partnership's interest in any replacement account, the **VAT Account**); (k) the commercial rent deposit account established in the joint names of each Management Company (other than the Management Limited Partnerships) and each Management General Partner (for and on behalf of their respective Management Limited Partnerships) as at the Initial First New Closing Date in accordance with the CTA (including each Management Company's interest in any replacement account, the **Commercial Rent Deposit Account**); (l) the student rent deposit account established in the joint names of each Management Company (other than the Management Limited Partnerships) and each Management General Partner (for and on behalf of their respective Management Limited Partnerships) as at the Initial First New Closing Date in accordance with the CTA (including each Management Company's interest in any replacement account, the **Student Rent Deposit Account**); (m) the management company account established in the joint names of each Management Company (other than the Management Limited Partnerships) and each Management General Partner (for and on behalf of their respective Management Limited Partnerships) as at the Initial First New Closing Date in accordance with the CTA (including each Management Company's interest in any replacement account, the **Management Company Account**); (n) each hedge collateral account to be established following the Further First New Closing Date by the Borrower in respect of the relevant Hedge Counterparty (each including the Borrower's interest in any replacement account, together the **Borrower Hedge Collateral Accounts**) or opened and maintained in the name of the relevant General Partner on behalf of the relevant Limited Partnership in respect of the relevant Hedge Counterparty (including the relevant Limited Partnerships' interest in any replacement account, together the **LP Hedge Collateral Accounts**) following the Further First New Closing Date, in each case with a bank having at least the Account Bank Minimum Rating.

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, in the case of 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.

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**) has been 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 Initial Closing Date (the **Issuer Accounts**) on behalf of the Issuer pursuant to an account bank agreement dated the Initial 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 is 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 (as set out above in respect of the Obligor Account Bank).

Principal Paying Agent: HSBC Bank plc provides 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 dated the Initial Closing Date (the **Original Agency Agreement**) between, the Issuer, the Principal Paying Agent and the Note Trustee, as supplemented and amended by a supplemental agreement thereto relating to the Initial First New Notes dated the Initial First New Closing Date (the **First Supplemental Agency Agreement**) and as further supplemented and amended by a supplemental agreement thereto relating to the Further First New Notes dated the Further First New Closing Date (the **Second Supplemental Agency Agreement**). The Original Agency Agreement, the First Supplemental Agency Agreement and the Second Supplemental Agency Agreement are together referred to as the **Agency Agreement**.

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**) has been appointed as cash manager by the Issuer, pursuant to the terms of a cash management agreement (the **Issuer Cash Management Agreement**) dated the Initial Closing Date between, the Issuer, the Issuer Security Trustee and the Issuer Cash Manager. The Issuer Cash Manager manages (a) the transaction account which the Issuer was required to open on or prior to the Initial Closing Date and maintain with the Issuer Account Bank (including its interest in any replacement account, the **Issuer Transaction Account**); (b) the liquidity reserve account established by the Issuer on or prior to the Initial Closing Date 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 established by the Issuer on or prior to the Initial Closing Date in accordance with the Issuer Cash Management Agreement (including its interest in any replacement account, the **Issuer Liquidity Standby Account**) and determines the amounts of, and arranges for the making of, payments due from the Issuer and keeps certain records on the Issuer's behalf.

Corporate Services Provider: Capita Trust Corporate Limited has been appointed as corporate services provider to the Issuer and the Issuer HoldCo (in such capacity, the **Corporate Services Provider**) pursuant to the terms of a corporate services agreement (the **Corporate Services Agreement**) dated the Initial Closing Date between, *inter alios*, the Issuer, the Issuer HoldCo, the Issuer Security Trustee and the Corporate Services Provider. Pursuant to the terms of the Corporate Services Agreement, the Corporate Services Provider provides 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 to provide credit ratings for the Further First New Notes, the **Rating Agencies**) are expected to provide a credit rating of Asf and A(sf) (respectively) for the Further First New 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.

Lead Arranger: HSBC Bank plc (**HSBC**) will act as the mandated lead arranger in respect of the issue of the Further First New Notes (the **Lead Arranger**).

Bookrunner: HSBC Bank plc will act as bookrunner in respect of the issue of the Further First New Notes (the **Bookrunner**).

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 Initial Closing Date using the proceeds of any Further Notes, Replacement Notes or New Notes (other than fixed rate Further Notes, Replacement Notes or New Notes).

LP Hedge Counterparties:	Any counterparties under Hedges that any Limited Partnership may enter into in connection with any Obligor Loan (other than a fixed rate Obligor Loan) made to it as permitted or contemplated by the CTA (and together with any Borrower Hedge Counterparty, the **Hedge Counterparties** and each a Hedge Counterparty).

SUMMARY OF THE FURTHER FIRST NEW NOTES

Form and denominations:

The Further First New Notes will form a single class with the Initial First New Notes and rank *pro rata* and *pari passu* with all of the Existing Notes from the Further First New Closing Date and will be consolidated, form a single series and be interchangeable for trading purposes with the Initial First New Notes on the exchange of the Further First New Temporary Global Note for interests in the Further First New Permanent Global Note, which is expected to occur on or about 27 June 2016 (the **Exchange Date**). As such, the section below (where applicable) describes the First New Notes (which will include the Further First New Notes). The Initial First New Notes are together with the Further First New Notes referred to as the **First New Notes**.

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

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

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

First New Definitive Notes with First New 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 First New Definitive Notes will be issued with a denomination below £100,000.

Status and ranking:

The Further First New Notes will be constituted by the Second Supplemental Note Trust Deed to be entered into on the Further First New Closing Date and will be secured by the Issuer Security created under the Original Issuer Deed of Charge entered into on the Initial Closing Date and the First Supplemental Issuer Deed of Charge entered into on the Initial First New Closing Date.

The Further First New Notes and/or First New Coupons (if any) attached will constitute secured, direct, unconditional (subject to Condition 10 (*Enforcement*) of the First New Conditions) 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 Further First New Notes will be made in accordance with the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities (see "*Payment Priorities*" below).

The Further First New Notes and/or First New Coupons (if any) attached will represent the right of the holders thereof (the **Further First New Noteholders** and/or the **First New 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 Initial First New Notes and the Further First New Notes (the **First New Conditions**).

Interest Payment Dates and Interest Periods:

Interest on the First New Notes is payable by reference to successive three-month interest periods each of which commence on (and include) 31 March, 30 June, 30 September and 31 December (each, an **Interest Payment Date**) (or, in the case of the Interest Payment Date immediately following the Further First New Closing Date (in respect of the Further First New Notes only) (the **Initial Interest Payment Date**), commence on (and include) 31 March 2016) and end on (but exclude) 30 June, 30 September, 31 December and 31 March (respectively) (or, in the case of the Initial Interest Payment Date, end on (but exclude) 30 June 2016) (each, an **Interest Period**). Interest on the First New 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 successive Interest Period will commence on (and include) an Interest Payment Date and end on (but exclude) the following Interest Payment Date.

Withholding tax:

All payments of principal, interest and/or premium (if any) in respect of the First New 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 Further First New Noteholders and/or First New Couponholders in respect of any amounts required to be withheld or deducted as described above.

Expected redemption: The First New 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 First New Notes which have become due and payable and have been paid (the **Principal Amount Outstanding**) on the Interest Payment Date falling on 30 June 2025 (the **Expected Maturity Date**) to correspond with the First New 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 First New Notes up to (but excluding) the Expected Maturity Date.

Final redemption: Unless previously redeemed in full, the First New Notes will be redeemed at their Principal Amount Outstanding on the Interest Payment Date falling on 30 June 2030 (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 First New 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 First New 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 the First New 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 the 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 the Lock-Up Account following a Trigger Event occurring and subsisting for 18 months and/or amounts standing to the credit of the Cure Deposit Account as a result of the exercise of a

Cure Right if there has been a breach of the Financial Covenant Ratios for two successive Test Dates; 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 the Disposal Proceeds Account, the Lock-Up Account and/or the Cure Deposit Account,

(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 First New 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 First New Notes will be redeemed together with any other amounts required by the Issuer to pay the Redemption Amount in respect of the corresponding First New Notes on such Interest Payment Date and any amounts ranking in priority to or *pari passu* with the corresponding First New Notes on such Interest Payment Date (the **Repayment Costs**).

Redemption Percentage means:

(a) in connection with any redemption of the First New 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 First New 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 6.4 (*Redemption upon repayment or prepayment of the*

First New Issuer/Borrower Loan) of the First New Notes; **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); and **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 First New 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 First New Notes on or following their Expected Maturity Date or as a result of paragraphs (b)(ii), (b)(iii), (c) or (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 First New Issuer/Borrower Loan which results in a redemption of the First New Notes, such redemption shall be without premium or penalty and shall be made at their then Principal Amount Outstanding.

The Further First New Issuer/Borrower Loan will be deemed, read and construed as a single loan with the Initial First New Issuer/Borrower Loan from the Further First New Closing Date (the Further First New Issuer/Borrower Loan and the Initial First New Issuer/Borrower Loan together referred to as the **First New Issuer/Borrower Loan**).

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

The Issuer shall redeem all of the First New 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 First New 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 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 (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 Obligor other than the Borrower, the Intra-Group Agreement).

Substitution/ redemption in whole for taxation on First New 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 First New 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 the First New 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 (including the First New 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 First New Issuer/Borrower Loan, the Issuer may redeem (without premium or penalty) all (but not some only) of the First New 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 repayment of the First New Issuer/Borrower Loan following the delivery of an Obligor Acceleration Notice to redeem the First New 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 Further First New 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 First New Notes then outstanding and form a single class with them;

(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 First New Notes then outstanding and may carry terms that differ from the First New Notes then outstanding and do not form a single class with them; 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 First New Notes or any other Notes then outstanding and/or rank *pari passu* with or after the First New Notes or such other Notes then outstanding and may carry terms that differ from the First New Notes or such other 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:

(a) the Rating Agencies confirm that any Further Notes are assigned the same ratings as the then current ratings of the First New Notes then outstanding with which they are to be consolidated and form a single class with; and

(b) 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 First New Notes and any other Notes then outstanding will not be downgraded, withdrawn or qualified by the issue of any Further Notes, New Notes or, as the case may be, Replacement Notes.

Purchases: The Obligors may purchase the First New 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 First New 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 First New Issuer/Borrower Loan and, in the case of the purchase by an Obligor other than the Borrower, an equivalent amount of the corresponding Intra-Group Loans made by the Borrower to that Obligor will be cancelled. Until an Obligor (including the Borrower) surrenders First New Notes to the Issuer which it has purchased in accordance with the CTA and the Issuer/Borrower Facilities Agreement or if USAF or any member of the UNITE Group purchases First New Notes, it shall not exercise any voting rights in respect of or count towards a quorum for Noteholder meetings with respect to such First New Notes held by it. An Obligor may only purchase First New Notes in accordance with the Prepayment Principles – see "*Summary of the Transaction Documents – Common Terms Agreement*".

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

Selling restrictions:	There will be restrictions on the offer, sale and transfer of the First New Notes. See "*Subscription and Sale*".
Limited recourse and non-petition:	No Further First New Noteholder shall be entitled to take any steps (otherwise than in accordance with the Note Trust Deed and the First New Conditions) to enforce the Issuer Security other than when expressly permitted to do so under the First New 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 Further First New 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 Further First New Noteholders are limited in recourse to the Issuer Charged Assets.
Governing law:	The First New 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 Further First New Notes and/or First New Coupons attached, 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 FURTHER FIRST NEW ISSUER/BORROWER LOAN

As the Further First New Issuer/Borrower Loan will be deemed, read and construed as a single loan with the Initial First New Issuer/Borrower Loan from the Further First New Closing Date (together, the **First New Issuer/Borrower Loan**), the section below describes the key characteristics of the First New Issuer/Borrower Loan.

First New Issuer/Borrower Loan:	The First New Issuer/Borrower Loan will be a full recourse obligation of the Borrower. The obligations of the Borrower under the Issuer/Borrower Facilities Agreement are 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 are secured by the Obligor Security. Any further Issuer/Borrower Loan corresponding to any Further Notes issued after the Further First New Closing Date will be deemed, read and construed as a single loan with the Initial First New Issuer/Borrower Loan and the Further First New Issuer/Borrower Loan from the Closing Date of such Further Notes.
Purpose:	The Borrower will apply the proceeds of the Further First New Issuer/Borrower Loan towards making a loan to LP1 pursuant to the Intra-Group Agreement. LP1 will, in turn, (i) use part of the proceeds of such loan to prepay the outstanding RCF Loans in full (and pay accrued interest and any related break costs) (and will also cancel all of the available commitment under the Revolving Credit Facility, so that the Original Limited Partnerships will not be able to make any further drawings of RCF Loans under the Revolving Credit Facility Agreement, unless and until a replacement revolving credit facility agreement is entered into) and (ii) use the balance of the proceeds of such loan to, in turn, on-lend to LP6 and LP8. See "*Use of Proceeds*" for more information.
Interest rate:	The First New Issuer/Borrower Loan will bear interest at a rate equal to the rate applicable to the First New Notes.
Interest payments:	Interest under the First New Issuer/Borrower Loan will be paid on the same dates on which payments in respect of interest are required to be made on the First New Notes.
Final repayment:	Unless the Borrower has previously repaid the First New Issuer/Borrower Loan, it will be required to repay the First New Issuer/Borrower Loan falling three Business Days prior to 30 June 2025 (the **First New Loan Final Maturity Date**) (which will coincide with the Expected Maturity Date of the First New Notes) together with accrued interest up to (but excluding) the First New Loan Final Maturity Date.
Repayment, prepayment and cancellation:	Repayment of the First New Issuer/Borrower Loan shall be made in accordance with the terms of the CTA and the Issuer/Borrower Facilities Agreement. See "*Summary of the Transaction Documents* –

Common Terms Agreement" and "*Summary of the Transaction Documents – Issuer/Borrower Facilities Agreement*" below.

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 "*Summary of the Transaction Documents – Common Terms Agreement*" and "*Summary of the Transaction Documents – Issuer/Borrower Facilities Agreement*" below.

Representations and warranties: The representations and warranties to be given by the Obligors under the Issuer/Borrower Facilities Agreement in respect of the First New Issuer/Borrower Loan on the date of this Prospectus and on the Further First New Closing Date (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 "*Summary of the Transaction Documents – Common Terms Agreement*" below.

Covenants: The covenants made by the Obligors under the Issuer/Borrower Facilities Agreement in respect of the First New Issuer/Borrower Loan will be those set out in the section entitled "*Summary of the Transaction Documents – Common Terms Agreement*" below.

CTA: The Issuer, as the lender of the First New Issuer/Borrower Loan and any other Issuer/Borrower Loans to the Borrower (and as such an Obligor Facility Provider), is party to and is 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 (if any), 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 Facility 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 an 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 "*Summary of the Transaction Documents – Security Trust And Intercreditor Deed*" below).

Guarantees and security: As security for the repayment of the Obligor Loans (including the First New Issuer/Borrower Loan and any other Issuer/Borrower Loans) and the Obligor Guarantees (including in respect thereof), the Borrower and the other Original Obligors entered into a deed of charge on the Initial Closing Date (the **Original Obligor Deed of Charge**) to which the New Obligors acceded on the Initial First New Closing Date pursuant to a supplemental deed thereto (the **First Supplemental Obligor Deed of Charge** and together with the Original Obligor Deed of Charge, the **Obligor Deed of Charge**) and have entered into

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**) in favour of the Obligor Security Trustee pursuant to which, amongst other things, the Obligors have granted 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 the Transaction Documents – Obligor Security Documents*" below.

KEY CHARACTERISTICS OF THE PROPERTY PORTFOLIO

Properties:

As at the Further First New Closing Date, there will be 52 properties (each, a **Property** and together, the **Properties**) in the portfolio of all the Properties (the **Property Portfolio**), located in 19 towns and cities throughout England, Wales and Scotland. The Property known as McDonald Road, Edinburgh was sold on 30 October 2014 and is no longer part of the Property Portfolio.

The Property Portfolio will be 83 per cent. freehold (or, in Scotland, heritable title), 5 per cent. mixed freehold and long leasehold and 12 per cent. long leasehold by value.

As at the Further First New Closing Date, each Property is beneficially owned by a Limited Partnership as indicated in the table entitled "*Summary of the Property Portfolio as at the Further First New Closing Date*" below. The legal title to each Property is held on trust for the relevant Limited Partnership by the Nominees for that Limited Partnership (being, in relation to LP1, Nominee 1 and Nominee 1A, and, in relation to both LP10 and LPFV, Nominee 10 and Nominee 10A, and, in relation to LP11, Nominee 11 and Nominee 11A, and, in relation to LP12 and LPNS, Nominee 12 and Nominee 12A.

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 2000.

The Management Companies (and, in the case of the Properties known as Manor Bank and Kelvin Court, Nominee 12 and Nominee 12A (on trust for UM11MLP) and Nominee 11 and Nominee 11A (on trust for NSMLP), respectively) lease the Properties from the relevant Limited Partnership pursuant to the Management Company Leases. The Management Companies (and, in the case of the Properties known as Manor Bank and Kelvin Court, Nominee 12 and Nominee 12A (on trust for UM11MLP) and Nominee 11 and Nominee 11A (on trust for NSMLP), respectively), in turn, will grant short-term tenancies predominantly to students, and from time to time also (where permitted by the relevant planning permissions) 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, higher education or other institutions or establishments are entitled to "nominate" a certain number of students to occupy rooms pursuant to a Direct Occupational Lease. 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 55,000 bedspaces, covering more than 42 regional university towns.

CBRE is a leading valuer to the fund management industry, valuing 15,000 commercial properties with a combined value of over £130 billion 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 also entered into a duty of care deed on the Initial Closing Date with, amongst others, the Original Management Companies and the Obligor Security Trustee to which the New Management Companies acceded, and which was amended and restated, on the Initial First New Closing Date, pursuant to which UIS has undertaken (to the Management Companies) *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 holds the rental income relating to the Properties on trust for the relevant Management Company and transfers the amount of cleared funds identified as relating to the Properties into the Management Company Account established by the Management Companies (other than the Management Limited Partnerships) and the Management General Partners (for and on behalf of their respective Management Limited Partnerships) in

accordance with the CTA on the close of business on each Business Day. The Management Company Account is subject to security granted in favour of the Obligor Security Trustee pursuant to the Obligor Security Documents. See "*Risk Factors – Considerations related to the Borrower and other Obligors – Security over bank accounts*".

Valuation:

The market value of the Property Portfolio as determined by the Valuer as at 31 March 2016 is £1,466,060,000 (as set out in the Property Portfolio Valuation Report contained in Appendix 1 to this Prospectus).

The market value of the Property Portfolio was determined by the Valuer as at 31 March 2016 and reflects estimated tenancy and occupancy levels of such Properties. The Property Portfolio Valuation Report was prepared based on figures provided by UNITE to the Valuer as of 31 March 2016 in respect of the Property Portfolio. On the basis of the market value for the Property Portfolio, the Loan to Value Ratio of the Existing Issuer/Borrower Loans and the Further First New Issuer/Borrower Loan (but excluding the outstanding RCF Loans to be prepaid in full (together with accrued interest and any related break costs) and no longer available for redrawing) (expressed as a percentage) will be approximately 47 per cent. as at the Further First New Closing Date. Under the terms of the CTA, the Obligors 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 Initial 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 Obligors are 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 providers in respect of all of the Properties (except for two leasehold Properties) are Axa Limited and (in respect of terrorism insurance) Lloyds.

Summary of the Property Portfolio:

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

PROPERTY PORTFOLIO

As at the Further First New Closing Date, there will be 52 Properties in the property portfolio (the **Property Portfolio**), located in 19 towns and cities throughout England and Scotland. The Property known as McDonald Road, Edinburgh was sold on 30 October 2014 and is no longer part of the Property Portfolio.

The Property Portfolio, as at the Further First New Closing Date, will be 83 per cent. freehold (or, in Scotland, heritable title) and 5 per cent. mixed freehold and long leasehold and 12 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 2000. 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.

The market value of the Property Portfolio as determined by the Valuer as at 31 March 2016 is £1,466,060,000 (as set out in the Property Portfolio Valuation Report contained in Appendix 1 to this Prospectus) as compared to the market value of the Property Portfolio as at September 2013 of £1,185,145,000 (as set out in the Valuer's reports as at 30 September 2013 and 25 October 2013). This valuation growth has been driven by steady growth in gross income of 5 per cent. per annum and strong occupancy at 98 per cent. since 2013, together with an increase in the proportion of beds sold under long term nomination agreements and significant asset management initiatives. On the basis of the Property Portfolio Valuation Report, the Loan to Value Ratio of the Existing Issuer/Borrower Loans and the Further First New Issuer/Borrower Loan (but excluding the outstanding RCF Loans to be prepaid in full (together with accrued interest and any related break costs) and no longer available for redrawing) (expressed as a percentage) will be approximately 47 per cent. as at the Further First New Closing Date.

Summary of the Property Portfolio as at the Further First New Closing Date

Columns stating percentage amounts may not add up to 100 per cent. due to rounding.

Property	Location	Rooms	Market Value (£)	Occupancy	Beneficial owner
King Street Exchange	Aberdeen	178	15,530,000	100%	LP1 acting by GP1
Spring Gardens	Aberdeen	512	37,110,000	99%	LP1 acting by GP1
The Old Fire Station	Aberdeen	272	23,490,000	99%	LP1 acting by GP1
Charlton Court	Bath	330	36,110,000	100%	LP12 acting by GP12
Londonderry House	Birmingham	175	13,060,000	100%	LP1 acting by GP1
The Heights	Birmingham	909	61,050,000	100%	LP1 acting by GP1
Blenheim Court	Bristol	231	20,910,000	100%	LP1 acting by GP1
Cherry Court	Bristol	176	14,920,000	100%	LP1 acting by GP1
Favell House	Bristol	234	16,690,000	100%	LP10 acting by GP10
Marketgate	Bristol	490	36,740,000	100%	LP11 acting by GP11

Property	Location	Rooms	Market Value (£)	Occupancy	Beneficial owner
Phoenix Court	Bristol	277	29,950,000	100%	LP1 acting by GP1
The Rackhay	Bristol	115	7,650,000	100%	LP10 acting by GP10
Chalmers Street	Edinburgh	251	31,290,000	100%	LP12 acting by GP12
Northfield	Exeter	190	18,400,000	100%	LP10 acting by GP10
Blackfriars	Glasgow	519	34,050,000	100%	LP1 acting by GP1
Buchanan View	Glasgow	670	39,020,000	98%	LP1 acting by GP1
Gibson Street	Glasgow	93	9,690,000	97%	LP12 acting by GP12
Kelvin Court	Glasgow	477	37,820,000	99%	LPNS acting by GPNS
Firth Point	Huddersfield	200	10,440,000	87%	LP1 acting by GP1
Snow Island	Huddersfield	427	23,280,000	87%	LP1 acting by GP1
Sky Plaza	Leeds	533	54,080,000	99%	LP11 acting by GP11
The Plaza	Leeds	967	70,890,000	100%	LP1 acting by GP1
The Tannery	Leeds	496	29,100,000	100%	LP1 acting by GP1
Filbert Village	Leicester	665	34,510,000	100%	LPFV acting by GPFV
Newarke Point	Leicester	653	45,410,000	100%	LP1 acting by GP1
St Martins House	Leicester	148	9,390,000	100%	LP1 acting by GP1
The Grange	Leicester	221	14,520,000	99%	LP1 acting by GP1
Apollo Court	Liverpool	221	12,440,000	100%	LP1 acting by GP1
Arrad House	Liverpool	75	5,010,000	79%	LP11 acting by GP11
Cambridge Court	Liverpool	474	29,170,000	99%	LP11 acting by GP11
Capital Gate	Liverpool	430	26,460,000	93%	LP1 acting by GP1
Cedar House	Liverpool	102	6,850,000	100%	LP11 acting by GP11
Grand Central	Liverpool	1236	85,060,000	98%	LP1 acting by GP1
Larch House	Liverpool	104	4,860,000	95%	LP10 acting by GP10
Lennon Studios	Liverpool	248	20,920,000	97%	LP11 acting by GP11
Blithehale Court	London	306	58,600,000	100%	LP10 acting by GP10
Emily Bowes Court	London	693	89,990,000	100%	LP12 acting by GP12
Kirby Street	London	128	41,350,000	100%	LP10 acting by GP10
Pacific Court	London	142	24,340,000	99%	LP10 acting by GP10
Sunlight Apartments	London	24	2,500,000	100%	LP1 acting by GP1
The Holt	Loughborough	264	13,990,000	100%	LP1 acting by GP1
Piccadilly Point	Manchester	588	51,760,000	100%	LP11 acting by GP11
Manor Bank	Newcastle	527	34,530,000	95%	LP11 acting by GP11
Riverside Point	Nottingham	484	29,620,000	100%	LP10 acting by GP10
St Peters Court	Nottingham	808	48,790,000	100%	LP1 acting by GP1
Central Point	Plymouth	235	18,580,000	95%	LP1 acting by GP1
Discovery Heights	Plymouth	281	19,130,000	98%	LP1 acting by GP1
St Teresa House	Plymouth	112	6,080,000	96%	LP10 acting by GP10
St Thomas Court	Plymouth	237	13,440,000	98%	LP1 acting by GP1

Property	Location	Rooms	Market Value (£)	Occupancy	Beneficial owner
Crown House	Reading	99	12,840,000	96%	LP10 acting by GP10
Exchange Works	Sheffield	437	25,620,000	98%	LP1 acting by GP1
The Anvil	Sheffield	163	9,030,000	98%	LP10 acting by GP10
		18,827	**1,466,060,000**		

Properties grouped by type

	Number of properties	Market value (£m)	% of total market value	NOI (£m)	% of total NOI	Number of rooms	% of total rooms
Properties grouped by tenancy type							
Direct Let	37	1,101.0	75%	58.3	74%	13,936	74%
Direct Let/Nominations	15	365.1	25%	20.7	26%	4,891	26%
	52	1,466.1	100%	79.0	100%	18,827	100%
Properties grouped by region							
London	5	216.8	15%	10.3	13%	1,293	7%
South	13	251.4	17%	13.8	17%	3,007	16%
Midlands	9	270.3	18%	15.0	19%	4,327	23%
North	17	499.5	34%	26.8	34%	7,228	38%
Scotland	8	228.0	16%	13.1	17%	2,972	16%
	52	1,466.1	100%	79.0	100%	18,827	100%
Properties grouped by tenure							
Freehold	32	990.4	68%	52.5	66%	12,065	64%
Heritable	8	228.0	16%	13.1	17%	2,972	16%
Freehold/leasehold	3	78.9	5%	4.2	5%	1,141	6%
Leasehold	9	168.9	12%	9.3	12%	2,649	14%
	52	1,466.1	100%	79.0	100%	18,827	100%
Properties grouped by year of completion							
2000	2	36.0	2%	2.1	3%	576	3%
2001	8	87.0	6%	4.6	6%	1,339	7%
2002	5	91.2	6%	4.7	6%	1,319	7%
2003	7	237.4	16%	13.3	17%	3,455	18%
2004	9	235.9	16%	13.2	17%	3,667	19%
2005	3	103.8	7%	5.8	7%	1,558	8%
2006	1	29.6	2%	1.8	2%	484	3%
2007	4	125.3	9%	7.1	9%	1,693	9%
2008	5	167.8	11%	8.6	11%	1,526	8%
2009	6	279.8	19%	13.9	18%	2,206	12%
2010	1	34.5	2%	1.7	2%	527	3%
2011	-	-	0%	-	0%	-	0%
2012	1	37.8	3%	2.2	3%	477	3%
	52	1,466.1	100%	79.0	100%	18,827	100%

	Number of properties	Market value (£m)	% of total market value	NOI (£m)	% of total NOI	Number of rooms	% of total rooms
Properties grouped by occupancy level							
72 to 85%	1	5.0	0%	0.2	0%	75	0%
85 to 95%	4	78.8	5%	3.9	5%	1,292	7%
95% to 100%	47	1,382.3	94%	75.0	95%	17,460	93%
	52	1,466.1	100%	79.0	100%	18,827	100%

The Properties

The Management Companies (or, in the case of UM11MLP, Nominee 12 and Nominee 12A and, in the case of NSMLP, Nominee 11 and Nominee 11A) lease the Properties from the relevant Nominees of the relevant Limited Partnership pursuant to the Management Company Leases. The Management Companies (or, in the case of UM11MLP, Nominee 12 and Nominee 12A and, in the case of NSMLP, Nominee 11 and Nominee 11A), in turn, grant tenancies of up to 51 weeks to students pursuant to the Direct Occupational Leases. In addition, 43 per cent. of the beds are subject, fully or partly, to Nomination Agreements pursuant to which the universities "nominate" students in respect of a room in a Property. For the 2015/2016 academic year, 15 per cent. of the beds in the Properties have been sold under Nomination Agreements for two or more years with a guarantee as compared to 5 per cent of the beds in the Properties in the 2012/2013 academic year. The average remaining life of these agreements is 3.4 years.

Parts of some Properties are also subject to Commercial Leases which generate approximately an aggregate gross rental income of £967,000 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 2015/2016 academic year at the date of this Prospectus, is forecast to be approximately £113,400,000 as compared to £98,000,000 in the 2012/2013 academic year.

Management

Each Property is subject to a management lease, the landlord's interest in which is currently held by the relevant Nominees on behalf of its Limited Partnership which owns such Property (together, the **Management Company Leases**) and the tenant's interest in which is held by the relevant Management Company (and, in the case of the Property known as Manor Bank, by Nominee 12 and Nominee 12A on trust for UM11MLP and, in the case of the Property known as Kelvin Court, by Nominee 11 and Nominee 11A on trust for NSMLP). 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 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 of 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 Mourant & Co. Trustees Limited) (now replaced by Sanne Trustee Services 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 Sanne Trustee Services Limited 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 of USAF 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 of which the Further First New Notes form part, the Original Management Companies each entered into a Duty of Care Deed with, amongst others, the Property Manager on the Initial Closing Date to which the New Management Companies acceded on the Initial First New Closing Date, pursuant to which the Property Manager undertakes to the Obligor Security Trustee, *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 has been 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 Initial Closing Date and the Initial First New 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 and the Initial First New 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 market valuations of the Property Portfolio (being 31 March 2016) (as set out in the Property Portfolio Valuation Report contained in Appendix 1), 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

Property Portfolio Valuation Report (see Appendix 1 (Property Portfolio Valuation Report) of this Prospectus).

Property Name	Property Town	Residential Value (Unrounded) £	Commercial Value (Unrounded) £	Combined Total Value £	Residential Estimated Net Income Year 1	Residential Estimated Net Income Year 2	Residential Estimated Net Income Year 3	Residential Estimated Net Income Year 4	Residential Estimated Net Income Year 5	Residential Estimated Net Income Year 6	Residential Estimated Net Income Year 7	Residential Estimated Net Income Year 8	Residential Estimated Net Income Year 9	Residential Estimated Net Income Year 10
King Street Exchange	Aberdeen	15,527,284	0	15,530,000	940,258	971,747	1,000,544	1,030,560	1,061,477	1,093,321	1,126,121	1,159,904	1,194,702	1,230,543
Old Fire Station	Aberdeen	23,488,905	0	23,490,000	1,397,702	1,437,247	1,479,819	1,524,214	1,569,940	1,617,038	1,665,549	1,715,516	1,766,981	1,819,991
Spring Gardens	Aberdeen	37,109,631	0	37,110,000	2,346,548	2,426,745	2,498,497	2,573,451	2,650,655	2,730,175	2,812,080	2,896,442	2,983,335	3,072,836
Charlton Court	Bath	36,108,514	0	36,110,000	1,990,016	2,037,688	2,098,158	2,161,103	2,225,936	2,292,714	2,361,496	2,432,341	2,505,311	2,580,470
Londonderry House	Birmingham	13,055,020	0	13,060,000	811,856	848,995	874,115	900,338	927,349	955,169	983,824	1,013,339	1,043,739	1,075,051
The Heights	Birmingham	60,665,260	380,397	61,050,000	3,589,408	3,764,993	3,876,125	3,992,409	4,112,181	4,235,546	4,362,613	4,493,491	4,628,296	4,767,145
Blenheim Court	Bristol	19,933,800	975,124	20,910,000	1,172,421	1,199,214	1,234,729	1,271,771	1,309,924	1,349,222	1,389,698	1,431,389	1,474,331	1,518,561
Cherry Court	Bristol	14,921,334	0	14,920,000	895,751	916,335	943,473	971,777	1,000,931	1,030,959	1,061,887	1,093,744	1,126,556	1,160,353
Favell House	Bristol	15,363,123	1,325,723	16,690,000	960,502	980,796	1,009,752	1,040,044	1,071,246	1,103,383	1,136,484	1,170,579	1,205,696	1,241,867
Marketgate	Bristol	36,744,371	0	36,740,000	2,153,842	2,180,968	2,245,417	2,312,780	2,382,163	2,453,628	2,527,237	2,603,054	2,681,145	2,761,580
Phoenix Court	Bristol	29,037,102	909,915	29,950,000	1,782,565	1,823,700	1,877,857	1,934,193	1,992,218	2,051,985	2,113,545	2,176,951	2,242,259	2,309,527
The Rackhay	Bristol	7,648,546	0	7,650,000	477,832	488,025	502,436	517,509	533,034	549,025	565,496	582,461	599,934	617,932
Chalmers Street	Edinburgh	31,285,430	0	31,290,000	1,745,450	1,785,369	1,838,428	1,893,581	1,950,388	2,008,900	2,069,167	2,131,242	2,195,179	2,261,035
Northfield	Exeter	18,400,826	0	18,400,000	1,080,287	1,124,426	1,157,779	1,192,513	1,228,288	1,265,137	1,303,091	1,342,183	1,382,449	1,423,922
Blackfriars	Glasgow	34,054,978	0	34,050,000	2,135,251	2,194,635	2,259,410	2,327,192	2,397,008	2,468,918	2,542,985	2,619,275	2,697,853	2,778,789
Buchanan View	Glasgow	39,017,757	0	39,020,000	2,529,434	2,584,368	2,660,524	2,740,340	2,822,550	2,907,226	2,994,443	3,084,276	3,176,805	3,272,109
Gibson Street	Glasgow	9,430,898	258,533	9,690,000	575,879	592,318	609,897	628,194	647,040	666,451	686,445	707,038	728,249	750,097
Kelvin Court	Glasgow	37,815,204	0	37,820,000	2,310,799	2,362,739	2,432,642	2,505,621	2,580,790	2,658,214	2,737,960	2,820,099	2,904,702	2,991,843
Firth Point	Huddersfield	10,440,536	0	10,440,000	687,676	704,505	725,240	746,997	769,407	792,490	816,264	840,752	865,975	891,954
Snow Island	Huddersfield	23,278,871	0	23,280,000	1,531,830	1,569,395	1,615,623	1,664,091	1,714,014	1,765,434	1,818,397	1,872,949	1,929,138	1,987,012
The Plaza	Leeds	70,889,351	0	70,890,000	4,239,162	4,357,851	4,486,653	4,621,253	4,759,890	4,902,687	5,049,767	5,201,260	5,357,298	5,518,017
Sky Plaza	Leeds	53,359,136	716,037	54,080,000	3,190,715	3,281,638	3,378,993	3,480,363	3,584,774	3,692,317	3,803,087	3,917,179	4,034,695	4,155,736
The Tannery	Leeds	28,971,931	125,518	29,100,000	1,786,989	1,846,503	1,900,906	1,957,933	2,016,671	2,077,171	2,139,486	2,203,671	2,269,781	2,337,875
Filbert Village	Leicester	34,506,489	0	34,510,000	2,217,042	2,277,717	2,344,719	2,415,061	2,487,512	2,562,138	2,639,002	2,718,172	2,799,717	2,883,709

Property Name	Property Town	Residential Value (Unrounded) £	Commercial Value (Unrounded) £	Combined Total Value £	Residential Estimated Net Income Year 1	Residential Estimated Net Income Year 2	Residential Estimated Net Income Year 3	Residential Estimated Net Income Year 4	Residential Estimated Net Income Year 5	Residential Estimated Net Income Year 6	Residential Estimated Net Income Year 7	Residential Estimated Net Income Year 8	Residential Estimated Net Income Year 9	Residential Estimated Net Income Year 10
Newarke Point	Leicester	45,412,618	0	45,410,000	2,707,682	2,787,731	2,870,057	2,956,159	3,044,844	3,136,189	3,230,275	3,327,183	3,426,998	3,529,808
St Martins House	Leicester	9,389,986	0	9,390,000	593,654	610,165	628,173	647,019	666,429	686,422	707,015	728,225	750,072	772,574
The Grange	Leicester	14,320,150	203,484	14,520,000	916,249	935,058	962,668	991,548	1,021,294	1,051,933	1,083,491	1,115,996	1,149,476	1,183,960
Apollo Court	Liverpool	12,444,580	0	12,440,000	767,582	787,525	810,709	835,031	860,081	885,884	912,460	939,834	968,029	997,070
Arrad House	Liverpool	4,364,562	642,525	5,010,000	270,373	277,812	285,992	294,572	303,409	312,511	321,887	331,543	341,490	351,734
Cambridge Court	Liverpool	29,166,668	0	29,170,000	1,802,458	1,839,313	1,893,520	1,950,326	2,008,835	2,069,100	2,131,173	2,195,109	2,260,962	2,328,791
Capital Gate	Liverpool	26,212,362	252,265	26,460,000	1,626,995	1,667,346	1,716,484	1,767,979	1,821,018	1,875,649	1,931,918	1,989,876	2,049,572	2,111,059
Cedar Court	Liverpool	6,845,149	0	6,850,000	425,667	432,836	445,612	458,981	472,750	486,933	501,541	516,587	532,084	548,047
Grand Central	Liverpool	84,339,278	724,650	85,060,000	5,202,047	5,274,307	5,430,000	5,592,900	5,760,687	5,933,508	6,111,513	6,294,858	6,483,704	6,678,215
Larch House	Liverpool	4,857,401	0	4,860,000	374,506	383,680	394,977	406,826	419,031	431,602	444,550	457,886	471,623	485,771
Lennon Studios	Liverpool	20,917,284	0	20,920,000	1,290,178	1,322,924	1,362,116	1,402,979	1,445,069	1,488,421	1,533,074	1,579,066	1,626,438	1,675,231
Blithehale Court	London	57,360,716	1,242,594	58,600,000	2,970,661	3,056,378	3,147,291	3,241,710	3,338,961	3,439,130	3,542,304	3,648,573	3,758,030	3,870,771
Kirby Street	London	40,577,988	767,477	41,350,000	2,144,676	2,201,166	2,266,776	2,334,779	2,404,822	2,476,967	2,551,276	2,627,814	2,706,649	2,787,848
Pacific Court	London	24,342,263	0	24,340,000	1,258,032	1,299,119	1,337,731	1,377,863	1,419,199	1,461,774	1,505,628	1,550,797	1,597,320	1,645,240
Sunlight Apartments	London	2,495,390	0	2,500,000	166,654	164,055	168,914	173,981	179,201	184,577	190,114	195,817	201,692	207,743
Emily Bowes	London	89,988,421	0	89,990,000	4,900,954	5,040,119	5,189,523	5,345,209	5,505,565	5,670,732	5,840,854	6,016,079	6,196,562	6,382,459
The Holt	Loughborough	13,987,634	0	13,990,000	891,516	905,276	931,906	959,863	988,659	1,018,319	1,048,868	1,080,334	1,112,744	1,146,127
Piccadilly Point	Manchester	51,757,199	0	51,760,000	3,122,540	3,210,945	3,306,067	3,405,249	3,507,407	3,612,629	3,721,008	3,832,638	3,947,617	4,066,046
Manor Bank	Newcastle	34,532,203	0	34,530,000	2,129,946	2,183,166	2,247,580	2,315,007	2,384,458	2,455,991	2,529,671	2,605,561	2,683,728	2,764,240
Riverside Point	Nottingham	29,622,657	0	29,620,000	1,818,524	1,868,851	1,923,948	1,981,667	2,041,117	2,102,350	2,165,421	2,230,383	2,297,295	2,366,214
St Peters	Nottingham	48,786,666	0	48,790,000	2,928,079	3,046,868	3,136,658	3,230,758	3,327,680	3,427,511	3,530,336	3,636,246	3,745,334	3,857,694
Central Point	Plymouth	18,583,199	0	18,580,000	1,193,971	1,227,683	1,264,031	1,301,952	1,341,011	1,381,241	1,422,679	1,465,359	1,509,320	1,554,599
Discovery House	Plymouth	18,320,048	811,895	19,130,000	1,191,449	1,224,674	1,260,838	1,298,663	1,337,623	1,377,751	1,419,084	1,461,656	1,505,506	1,550,671
St Teresa House	Plymouth	5,205,155	873,807	6,080,000	366,537	375,462	386,502	398,097	410,040	422,341	435,011	448,061	461,503	475,348
St Thomas Court	Plymouth	13,436,701	0	13,440,000	926,744	947,737	975,683	1,004,954	1,035,102	1,066,155	1,098,140	1,131,084	1,165,017	1,199,967

Property Name	Property Town	Residential Value (Unrounded) £	Commercial Value (Unrounded) £	Combined Total Value £	Residential Estimated Net Income Year 1	Residential Estimated Net Income Year 2	Residential Estimated Net Income Year 3	Residential Estimated Net Income Year 4	Residential Estimated Net Income Year 5	Residential Estimated Net Income Year 6	Residential Estimated Net Income Year 7	Residential Estimated Net Income Year 8	Residential Estimated Net Income Year 9	Residential Estimated Net Income Year 10
Crown House	Reading	11,645,000	1,197,419	12,840,000	720,729	743,597	765,707	788,678	812,339	836,709	861,810	887,664	914,294	941,723
Exchange	Sheffield	24,932,957	685,137	25,620,000	1,500,705	1,653,422	1,702,151	1,753,215	1,805,812	1,859,986	1,915,786	1,973,259	2,032,457	2,093,431
The Anvil	Sheffield	9,032,954	0	9,030,000	557,153	576,427	593,393	611,195	629,531	648,417	667,869	687,905	708,543	729,799

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 Original RCF Providers (but only until the Further First New Closing Date, when the outstanding RCF Loans will be prepaid in full (together with accrued interest and any related break costs) and all of the available commitment under the Revolving Credit Facility will be cancelled), the Original LF Provider and the Issuer all benefit from common terms under their relevant Obligor Facility Agreement and a common security package granted by the 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 and the First New Issuer/Borrower Loan to the Borrower corresponding to the proceeds of the issuance of the Initial Notes and the First New Notes (respectively), is also party to and is bound by the CTA and the STID. Similarly, the Original RCF Provider, as current provider of the Revolving Credit Facility (but only until the Further First New Closing Date, when the outstanding RCF Loans will be prepaid in full (together with accrued interest and any related break costs) and all of the available commitment under the Revolving Credit Facility will be cancelled), and the Original LF Provider, as current provider of the Obligor Liquidity Facility, are also party to and are 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 (if any), the Obligor Liquidity Facility and any Permitted Facilities, into which the relevant Limited Partnerships acting through their respective 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.

On the Further First New Closing Date the outstanding RCF Loans will be prepaid in full (together with accrued interest and any related break costs) and all of the available commitment under the Revolving Credit Facility will be cancelled. The Original RCF Provider will therefore cease to be a party to the CTA and the STID from the Further First New Closing Date and, accordingly, will cease to be bound by or benefit from or have any rights under or in respect of the CTA, the STID and the Obligor Security from such date.

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 Original RCF Provider agreed to enter into the Revolving Credit Facility Agreement with the Original Limited Partnerships, the Original LF Provider agreed to enter into the Liquidity Facilities Agreement with the Original Limited Partnerships and the Issuer agreed to enter into the initial Issuer/Borrower Facility (the **Initial Issuer/Borrower Facility**) on the Initial Closing Date and a further Issuer/Borrower Facility (the **Initial First New Issuer/Borrower Facility**) on the Initial First New Closing Date and will agree to enter into a further Issuer/Borrower Facility (the **Further First New Issuer/Borrower Facility**) on the Further First New Closing Date (which will be deemed, read and construed as a single loan with the Initial First New Issuer/Borrower Loan Facility from the Further First New Closing Date (the Initial First New Issuer/Borrower Facility and the Further First New Issuer/Borrower Facility, together the **First New Issuer/Borrower Facility**) under the Issuer/Borrower Facilities Agreement with the Borrower are set out in the Common Terms Agreement entered into between, *inter alios*, the Borrower, the other Original Obligors and such parties (the **CTA**) on the Initial Closing Date and to which the New Obligors acceded and which was amended and restated on the Initial First New Closing Date. The CTA also sets 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 currently include, among others, each Obligor, the Obligor Secured Creditors (including the Original RCF Provider (but only until the Further First New Closing Date, when the outstanding RCF Loans will be prepaid in full (together with accrued interest and any related break costs) and all of the available commitment under the Revolving Credit Facility will be cancelled, the Original 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 Initial 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, amounts held in the Cure Deposit Account, the Defeasance Account, the Lock-Up Account and the Sinking Fund Account).

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 occurred 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 Account 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 Account 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 the Sinking Fund Account.

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 Account during that Quarter and amounts projected to be withdrawn from the Sinking Fund Account 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 Cashflow, 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 Account during that Quarter and 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 occurred 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 Occupational Lease, Management Company Lease, Institutional Lease and Agreement for Lease in relation to a Property (a **Lease Document**) relating to a Property (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 deposited into the General Account and credited to the relevant General Sub-Ledgers 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 deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers and/or deposited into the Obligor Liquidity Reserve Account and credited to the relevant Obligor Liquidity Reserve Sub-Ledgers 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 Account and credit the relevant Lock-Up Sub-Ledgers and/or transfer such amount to the Obligor Liquidity Reserve Account and credit the relevant Obligor Liquidity Reserve Sub-Ledgers (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 Account and credit the relevant Cure Deposit Sub-Ledgers 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 deposited into the Cure Deposit Account and credited to the relevant Cure Deposit Sub-Ledgers pursuant to paragraph (b) above, then on the second such Test Date, such amounts deposited into the Cure Deposit Account and credited to the relevant Cure Deposit Sub-Ledgers 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 deposited into the Cure Deposit Account and credited to the relevant Cure Deposit Sub-Ledgers, provided that no Financial Covenant Ratio Breach would occur as a result of such payment being made on such Test Date, the amounts deposited into the Cure Deposit Account and credited to the relevant Cure Deposit Sub-Ledgers shall be released to the Limited Partnerships and debited to the relevant Cure Deposit Sub-Ledgers.

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 Hedging Agreements, 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 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 by way of Intra-Group Payment to the relevant Limited Partnerships pro rata and *pari passu*:

(i) deposit (on behalf of the relevant Limited Partnerships) into the Obligor Liquidity Reserve Account and credit to the relevant Obligor Liquidity Reserve Sub-Ledgers, 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

(ii) 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.

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 Agreements, 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 Liquidity Facility Amount.

If there is no Obligor Liquidity Event outstanding for two successive Test Dates, without taking into account amounts deposited into the Obligor Liquidity Reserve Account and credited to the relevant Obligor Liquidity Reserve Sub-Ledgers, the amount deposited into the Obligor Liquidity Reserve Account and credited to the relevant Obligor Liquidity Reserve Sub-Ledgers shall be transferred to the General Account and credited to the relevant General Sub-Ledgers and debited from the relevant Obligor Liquidity Reserve Sub-Ledgers.

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 deposited into the Obligor Liquidity Reserve Account and credited to the relevant Obligor Liquidity Reserve Sub-Ledgers or the Issuer Liquidity Reserve Account will only be applied (and, in relation to withdrawals from the Obligor Liquidity Reserve Account, debited from the relevant Obligor Liquidity Reserve Sub-Ledgers) 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, in each case, 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 deposited into the Obligor Liquidity Reserve Account and credited to the relevant Obligor Liquidity Reserve Sub-Ledgers 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 Account and credited to the relevant General Sub-Ledgers and debited from the relevant Obligor Liquidity Reserve Sub-Ledgers.

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 deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers.

If there is no Lock-Up Event and no Trigger Event outstanding for two consecutive Test Dates, without taking into account amounts deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers, 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 amounts deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers shall be paid into the General Account and credited to the relevant General Sub-Ledgers. Otherwise, amounts shall remain held in the Lock-Up Account to be applied in accordance with the Trigger Event Consequences below.

Trigger Events

The Obligors are 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) of 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 (e) of the Trigger Events above);

(b) (other than in the case of the Trigger Event at paragraph (e) 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 of (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) any 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 deemed to be given in the case of any of Jones Lang LaSalle, Knight Frank or Savills) appointed by the Obligor Security Trustee in accordance with the CTA at the cost of the Obligors;

(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 a property advisor 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 Management Companies (the **Business Plan**) and shall 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 purposes 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) 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);

(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) deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers (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 Account and credited to the relevant Lock-Up Sub-Ledgers 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 or a Change of Control as such terms are defined in the Revolving Credit Facility) 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 (an **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 so 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 deposited into the Disposal Proceeds Account and credited to the relevant Disposal Proceeds Sub-Ledgers and the RCF Allocation of amounts deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers and amounts deposited into the Cure Deposit Account and credited to the relevant Cure Deposit Sub-Ledgers 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**) 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 Account (the **Distributions Covenant**) (the **Restricted Payments 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 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), (a)(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 the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledger (together, the **Proceeds**):

(i) the Relevant Amount from the proceeds of a disposal of a Property or any part of a Property deposited into the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledger 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 being deposited into the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledger;

(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 the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledger in accordance with the CTA; and

(iii) the proceeds (other than from loss of rent insurance) received under the Insurance Policies deposited into the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledger 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 being deposited into the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledger;

(b) each of the Limited Partnerships shall on each relevant Interest Payment Date make an Intra-Group Payment to the Borrower using amounts deposited into the Cure Deposit Account and credited to its Cure Deposit Sub-Ledger if there has been a breach of the Financial Covenant Ratios for two successive Test Dates; and

(c) each of the Limited Partnerships may elect on each relevant Interest Payment Date referred to in paragraph 1(a) above to deposit the Proceeds otherwise to be deposited in accordance therewith into the Defeasance Account and credited its Defeasance Sub-Ledger 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 in an amount sufficient to enable the Borrower:

(i) to prepay (on behalf of the Original 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 Original 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 Account and credited to the relevant Defeasance Sub-Ledgers).

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 Original 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 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 paragraphs (a), (b) and/or (d) (and taking into account any amount deposited to the Defeasance Account and credited to the relevant Defeasance Sub-Ledger in lieu of such prepayment or tender offer) and 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 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 Original 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 Permitted 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 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 have been deposited into the Defeasance Account and credited to the relevant Defeasance Sub-Ledgers;

   (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 Account of:

    (a) any amounts deposited into the Disposal Proceeds Account and credited to the relevant Disposal Proceeds Sub-Ledgers 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 deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers; and

    (c) the RCF Allocation of amounts deposited into the Cure Deposit Account and credited to the relevant Cure Deposit Sub-Ledgers and if there has been a breach of the Financial Covenant 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 Original 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 Original 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; and

(c) (i) if any one of such Trigger Events has been continuing for 18 months or more, any amounts deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers and (ii) prior thereto if an RCF Prepayment Event has occurred and is continuing, the RCF Allocation of amounts deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers and/or the RCF Allocation of amounts deposited into the Cure Deposit Account and credited to the relevant Cure Deposit Sub-Ledgers 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 Original 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 any amounts deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers prior to the Trigger Event having been continuing for 18 months or more and (3) the RCF Allocation of amounts deposited into the Cure Deposit Account and credited to the relevant Cure Deposit Sub-Ledgers 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 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 Original Limited Partnerships) and such prepayment shall be taken into account for the purposes of determining the *pro rata* prepayment in accordance with this 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 in the Defeasance Account and remain credited to the relevant Defeasance Sub-Ledgers 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 and crediting the relevant Defeasance Sub-Ledgers in respect of the Issuer/Borrower Loans corresponding to Fixed Rate Notes (such amounts deposited into the Defeasance Account and credited to the relevant Defeasance Sub-Ledgers, **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 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 deposited into the Disposal Proceeds Account, the Lock-Up Account and the Cure Deposit Account (as applicable) and credited to the relevant Disposal Proceeds Sub-Ledgers, Lock-Up Sub-Ledgers and Cure Deposit Sub-Ledgers (as applicable).

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 of the Obligor Liquidity Facility (if drawn) (and payment of accrued interest and related break costs) (on behalf of the Original 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

   (b) 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 Account

Prior to the delivery of an Obligor Acceleration Notice, the Limited Partnerships may, at their discretion, use amounts deposited into the Defeasance Account and credited to the relevant Defeasance Sub-Ledgers in accordance with "*Prepayment prior to RCF Prepayment Event and/or Trigger Event*" above and/or "*Prepayment following Trigger Event other than RCF Prepayment 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 (a **Relevant Obligor Liquidity Standby Drawing Amortisation Date** or a **Relevant Issuer Liquidity Standby Drawing Amortisation Date**), 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 Original 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 Original 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 Original 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 Original Limited Partnerships in respect of the Revolving Credit Facility Agreement and on behalf of the relevant Limited Partnership in respect of 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 have been deposited into the Defeasance Account and credited to the relevant Defeasance Sub-Ledgers).

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 Original 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 have been deposited into the Defeasance Account and credited to the relevant Defeasance Sub-Ledgers).

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 deposit such amount into the Defeasance Account and credit such amount to its Defeasance Sub-Ledger, 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 have been deposited into the Defeasance Account and credited to the relevant Defeasance Sub-Ledgers).

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 Original Limited Partnerships being required to increase payments for tax and/or as a result of any RCF Provider claiming indemnification from the Original Limited Partnerships for tax or increased costs;

(b) the Liquidity Facilities Agreement, for illegality or as a result of the Original Limited Partnerships being required to increase payments for tax and/or as a result of the LF Provider claiming indemnification from the Original 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 Original Limited Partnerships in respect of prepayment under the Revolving Credit Facility Agreement or the Liquidity Facilities Agreement or on behalf of the relevant Limited Partnerships in respect of prepayment under the relevant 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 of equity or under a Subordinated Loan or otherwise) towards such prepayment; or

(ii) the relevant Limited Partnership will prepay (together with accrued interest and any break costs) the available amounts (whether funded by way of 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 make any other form of credit available to, any person;

(b) incur or have outstanding any Financial Indebtedness to any Affiliate of an Obligor;

(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 Original General Partners (for and on behalf of their respective Original Limited Partnerships) under the Obligor Liquidity Facility or the Revolving Credit Facility made available on the relevant Closing Dates (including, for the avoidance of doubt, any drawings on or following the relevant Closing Dates) and under any increase in the commitment thereunder following the relevant 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 Initial 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 Initial 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 Initial 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 Common Documents;

(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 loans made by an original owner of a Property or Properties to an Obligor for the purpose of funding the consideration for the sale of a Property or Properties to that Obligor and subordinated under the terms of the STID (the **Vendor Loans**); (ii) each loan made by a member of the UNITE Group, any of USAF GP No. 4 Limited, USAF Nominee No. 4 Limited, USAF Nominee No. 4A Limited, USAF GP No. 5 Limited, USAF Nominee No. 5 Limited and USAF Nominee No. 5A Limited (each 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) 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 LP6, LP11 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 an acquisition certificate in the form scheduled to the CTA confirming the conditions set below (the **Acquisition Conditions**) are satisfied if:

(a) the Property Portfolio Criteria will be satisfied following such acquisition;

(b) the Incoming Property Criteria will be 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) such acquisition is funded from amounts deposited into the Disposal Proceeds Account and credited to the relevant Disposal Proceeds Sub-Ledger, the aggregate value based on their value at the time of acquisition of all Incoming Properties acquired after the Initial Closing Date funded from amounts deposited into the Disposal Proceeds Account and credited to the relevant Disposal Proceeds Sub-Ledger in each rolling five year period from the Initial 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 are satisfied in relation to the Property Portfolio following an acquisition of any Property by an Obligor if:

(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 London) in England, Scotland and/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 are satisfied in relation to any Incoming Property if:

(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 resulting 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 become an Obligor by delivering 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, provided that such opinion shall be in the form required by the Tax Deed of Covenant.

Disposals of Properties

Subject as provided below, no Obligor will, either in a single transaction or in 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);

(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 confirming the above in respect of that Property (or those shares); and

(g) if such disposal relates to a Property (the **Burdened Property**) over which another Property (the **Benefited Property**) benefits from vehicular and/or pedestrian access and the Benefited Property will remain in the Property Portfolio following the disposal of the Burdened Property, adequate, permanent, unrestricted and uninterruptable rights of vehicular and/or pedestrian access (as the case may be) over the relevant parts of the Burdened Property have been granted for the benefit of the Benefited Property,

(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 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 interest in a 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 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 and crediting such amount to the relevant Disposal Proceeds Sub-Ledger 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 the Disposal Proceeds Account and credited to a Disposal Proceeds Sub-Ledger will be for the account of the relevant Limited Partnership and will be deposited into the General Account and credited to its General Sub-Ledger.

Alterations

None of the Obligors 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 Property or Properties; or

(b) sever, unfix or remove any of the material fixtures to any Property or Properties (except for the purpose and in the course of effecting necessary repairs thereto or of replacing the same with new or improved models or substitutes) thereon belonging to or in use by any of the Obligors concerned,

provided that the Obligors 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 Account 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 Obligors

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;

(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 Account or the Defeasance Account 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 permit 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; (iv) a Security Interest in respect of any Permitted Financial Indebtedness ranking after the Obligor Security; (v) any netting or set-off arrangements under any Hedging Agreement or (vi) 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 (other than the Management Limited Partnerships) 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 and each Management 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 and each Management 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 an Obligor Event of Default or a Potential Obligor Event of 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**); and

(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 or Management 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 or Management 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 Further First New Closing Date being Axa Insurance UK plc and (in respect of terrorism insurance) Lloyds;

(h) each General Partner (for and on behalf of its Limited Partnership) and each Management Company or (in the case of the Management Limited Partnerships) each Management General Partner (for and on behalf of its Management Limited Partnership) shall enforce its rights and comply with its obligations under the duty of care deed between, among others, the Borrower, the Original Management Companies, the Property Manager and the Obligor Security Trustee and to which, among others, the New Management Companies and the Management General Partners acceded to on the Initial First New Closing Date and which was amended and restated on the Initial First New Closing Date (the **Duty of Care Deed**) 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;

(i) in the case of each General Partner (for and on behalf of its Limited Partnership), not to terminate the appointment of the Property Manager 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 gives 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 or, in the case of the Limited Partnerships and the Management Limited Partnerships, it is 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 Obligor Event of Default or Potential Obligor Event of 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 and the Management 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 and the Management 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 and the Management 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 (other than LPNS which has two general partners), (ii) the UNITE Limited Partner, USAF and Michael Farrow (as trustee of the UNITE Discretionary Trust) are the only limited partners of the Limited Partnerships (other than LPFV and LPNS), (iii) Filbert Street Student Accommodation Unit Trust and the UNITE Discretionary Trust are the only limited partners of LPFV, (iv) Nairn Street Unit Trust is the only limited partner of LPNS, (v) the UNITE Limited Partner and USAF are the only limited partners of UM11MLP and (vi) Nairn Street Unit Trust is the only limited partner of NSMLP;

(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 Initial Closing Date or the Initial First New Closing Date and the properties disposed of by it in accordance with the CTA or the establishment and operation of USAF;

(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 relevant Obligor or by the legal advisers to the relevant Obligor on its behalf;

(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 was given by each Original Obligor on the Initial Closing Date and by each New Obligor (other than the representation and warranty at paragraph (u) above) on the Initial First New 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 paragraphs (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 Account during that Test Period and amounts projected to be withdrawn from the Sinking Fund Account 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 Account during that 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, details of the amounts standing to the credit of the Obligor Liquidity Reserve Account, the Cure Deposit Account, the Sinking Fund Account, the Disposal Proceeds Account, the Defeasance Account and/or the Lock-Up Account and details of any payments in respect of principal and/or interest made in respect of the Notes on the immediately preceding Interest

Payment Date, 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 details of the amounts standing to the credit of the Obligor Liquidity Reserve Account, the Cure Deposit Account, the Sinking Fund Account, the Disposal Proceeds Account and the Defeasance Account and/or the Lock-Up Account.

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 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 Initial 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 (bb) of the "*Obligor 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 Facility 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 includes, but is 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 Initial 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 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 or the relevant Obligor (as the case may be), at no cost to the Issuer, the Issuer Cash Manager (acting at the direction of the Issuer on a non-discretionary basis) or the relevant Obligor or the Obligor Cash Manager (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 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.

Business Day means a day on which banks are generally open for business in London.

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 thereof 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 (i.e. it is not callable, putable, 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).

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 Original 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 USAF on a recognised stock exchange in the United Kingdom or Republic of Ireland.

Change of Control Prepayment Event means any event in which the RCF Loan becomes due and payable to an RCF Provider 60 days following a Change of Control at the request of that RCF Provider.

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 the 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;

(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 Participating Secured Creditors;

(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 any 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 or the Obligor Security Trustee (if applicable) 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 (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, trademarks, 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 one Obligor to another Obligor (including, without limitation, 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 any 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 commitment under the Issuer Liquidity Facility, being £7,150,000 at the Initial Closing Date as increased to £10,780,000 on the Initial First New Closing Date and as will be further increased to £13,240,000 on the Further First New Closing Date, 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) (inclusive) of the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities or items (a) to (e) (inclusive) of the Issuer Post-Enforcement Pre-Acceleration 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-Enforcement Pre-Acceleration 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 Payment Priorities means the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities, the Issuer Post-Enforcement Pre-Acceleration Payment Priorities and the Issuer Post-Acceleration Payment Priorities.

Issuer Profit Amount means £1,200 per annum.

Issuer Secured Creditor Entrenched Rights 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 Facilities Agreement entitled as such or the principal amount outstanding of that drawing (and, for the avoidance of doubt, includes a drawing from the Issuer Liquidity Standby Account or the Obligor Liquidity Standby Account) 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 Change Prepayment Event means the occurrence of a Material Adverse Change, upon which the Revolving Credit Facility will become due and payable to the RCF Providers 60 days thereafter.

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).

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 and decreased to £50,000 on the Further First New Closing Date, 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 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 Pre-Enforcement Pre-Acceleration Payment Priorities; 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 Original 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 entered into on, or to be entered into following, the Initial 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) any 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 and granted by each pair of Nominees which holds the legal title to a Management Company Lease on behalf of a Management Limited Partnership in favour of such Management Limited Partnership which is delivered in satisfaction of the conditions precedent (a **Declaration of Trust**);

(n) each fee letter between each pair of Nominees and its Limited Partnership and each fee letter between each pair of Nominees and its Management Limited Partnership;

(o) the Intra-Group Agreement;

(p) the Property and Asset Management Agreement;

(q) the Operating Agreement;

(r) the accession memorandum entered into on or about the Initial First New Closing Date by, among others, the New Obligors;

(s) the accession deed entered into on or about the Initial First New Closing Date pursuant to which certain New Obligors agree to become party to and be bound by the terms of the Duty of Care Deed;

(t) the Tax Deed of Covenant; and

(u) any document designated as such by the Obligor Security Trustee and the Borrower.

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 each period of three consecutive months beginning on one of 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 Account and/or the Cure Deposit Account (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 Facilities 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 First New Issuer/Borrower Loan*) of the First New Notes and, as the context so requires, the corresponding provision of the Initial Notes, any Further Notes, Replacement Notes or New Notes.

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 (among others) the Issuer on any 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 USAF out of funds standing to the credit of the General Account.

Scottish Floating Charge means each first ranking floating charge governed by Scots law substantially in the form scheduled to the Original Obligor Deed of Charge or the First Supplemental 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:

(a) in relation to the Borrower, the Borrower Account and each Borrower Hedge Collateral Account;

(b) in relation to each General Partner (for and on behalf of its Limited Partnership), the Obligor Liquidity Standby Account (except in the case of the New General Partners (for and on behalf of its New Limited Partnership)), the Obligor Liquidity Reserve Account, the Sinking Fund Account, the General Account, the Disposal Proceeds Account, the Defeasance Account, the Cure Deposit Account, the Lock-Up Account, each LP Hedge Collateral Account and (in the case of GP1 (on behalf of LP1, LP10, LP11 and LP12), GP10 (for and on behalf of LP10), GP11 (for and on behalf of LP11), GP12 (for and on behalf of LP12), GPFV (for and on behalf of LPFV) and GPNS (for and on behalf of LPNS)) the VAT Account;

(c) in relation to each Management Company, the Commercial Rent Deposit Account, the Student Rent Deposit Account and the Management Company Account; and

(d) in relation to each Obligor, any other bank account opened or maintained by it.

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 Initial Closing Date; and

(e) any Permitted Facilities entered into after the Initial 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**) are contained in the STID and, in relation to the Issuer, also in the Issuer Deed of Charge. The relevant Intercreditor Arrangements 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 STID as at the Initial Closing Date and any creditor which accedes to the MDA and the STID as a subordinated creditor after the Initial Closing Date.

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 Initial 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 (**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 Disposals 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 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:

(i) 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

(ii) 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) 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 when advanced constitute full recourse obligations of the Borrower. The obligations of the Borrower under the Issuer/Borrower Facilities Agreement are 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 are secured by the Obligor Security.

General

The Borrower applied the proceeds of the loans made by the Issuer to the Borrower on the Existing Closing Dates pursuant to the Issuer/Borrower Facilities Agreement (the **Existing**

Issuer/Borrower Loans), and will apply the proceeds of the loan made by the Issuer to the Borrower on the Further First New Closing Date pursuant to the Issuer/Borrower Facilities Agreement (the **Further First New Issuer/Borrower Loan**), towards making certain loans to the Limited Partnerships under the Intra-Group Loans.

The Further First New Issuer/Borrower Loan will be deemed, read and construed as a single loan with the Initial First New Issuer/Borrower Loan from the Further First New Closing Date.

The interest rates and periods applicable to the Initial Issuer/Borrower Loan, the First New Issuer/Borrower Loan and any subsequent Issuer/Borrower Loans will be equal to the rates and periods applicable to the Initial Notes, the First New Notes and the relevant Further Notes, Replacement Notes or New Notes (as applicable) 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 Initial Closing Date, pursuant to the Issuer/Borrower Facilities Agreement, the Borrower paid 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 Initial 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 the Initial First New Closing Date, pursuant to the Issuer/Borrower Facilities Agreement, the Borrower paid to the Issuer by way of a fee (the **Initial First New Issuer/Borrower Facilities Fee**) an amount to meet the costs and expenses of the Issuer in connection with the issue of the Initial First New 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 the Further First New Closing Date, pursuant to the Issuer/Borrower Facilities Agreement, the Borrower will pay to the Issuer by way of a fee (the **Further First New Issuer/Borrower Facilities Fee**) an amount to meet the costs and expenses of the Issuer in connection with the issue of the Further First New 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 has paid and 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 rank *pari passu* with the Revolving Credit Facility (if any), 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 Initial Notes) of the Initial Issuer/Borrower Loan is 30 June 2023 (the **Initial Loan Final Maturity Date**) and the final maturity date (which corresponds with the Expected Maturity Date of the First New Notes) of the First New Issuer/Borrower Loan is 30 June 2025 (the **First New Loan Final Maturity Date**, and together with the Initial Loan Final Maturity Date, the **Loan Final Maturity Dates**).

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 "*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 any 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 deposited into the Disposal Proceeds Account, the Lock-Up Account and the Cure Deposit Account 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 deposited into the Disposal Proceeds Account, the Lock-Up Account 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 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 deposited into the Defeasance Account 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 deposited into 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 deposited into 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.

LIQUIDITY FACILITIES AGREEMENT

A Liquidity Facility was made available to the Issuer under the Issuer Liquidity Facility and to the Original Limited Partnerships under the Obligor Liquidity Facility entered into on the Initial Closing Date as supplemented and amended on the Initial First New Closing Date and to be further supplemented and amended on the Further First New Closing Date. The Obligor LF Loans made available to the Original Limited Partnerships constitute full recourse obligations of the Original Limited Partnerships. The obligations of the Original Limited Partnerships under the Liquidity Facilities Agreement are guaranteed on a joint and several basis by each other Obligor under the Obligor Guarantees. The obligations of the Original Limited Partnerships under the Liquidity Facilities Agreement and the other Obligors in respect thereof under the Obligor Guarantees are secured by the Obligor Security. The Issuer LF Loans made available to the Issuer will constitute limited recourse obligations of the Issuer and are secured by the Issuer Security. The obligations of the Issuer are not and will not be guaranteed by any other person. The obligations of the Issuer and the Limited Partnerships under the Liquidity Facility are several and not joint (but the obligations as between the Limited Partnerships are joint).

General – Obligor LF Loan

The Liquidity Facility made available to the Original Limited Partnerships on the Initial Closing Date was £850,000 and will be reduced to £50,000 on the Further First New Closing Date (the **Obligor Liquidity Facility Amount**). Each Obligor LF Loan will be utilised to enable the Original Limited Partnerships to cover any shortfalls in cash required to cover payments of interest on RCF Loans (if any) and scheduled payments to the LP Hedge Counterparties under any LP Hedging Agreements for the RCF Loans (if any) and amounts ranking senior thereto in accordance with the relevant Borrower Payment Priorities. The maturity date of the Obligor Liquidity Facility was 364 days after the Initial 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 was available from the Initial Closing Date to the LF Final Maturity Date. There is no minimum amount for Obligor LF Loans.

As a result of the prepayment of the outstanding RCF Loans in full (together with accrued interest and any related break costs) and the cancellation of all of the available commitment under the Revolving Credit Facility on the Further First New Closing Date, the Original Limited Partnerships will not be able to make any drawings under the Obligor Liquidity Facility to make payments of interest due on the RCF Loans, unless and until one or more of the Obligors enters into a replacement revolving credit facility following the Further First New Closing Date (requiring, among other conditions, that the then current ratings of the Notes will not be adversely affected by the entry into of such replacement revolving credit facility and, accordingly, any necessary increase in the available commitment under the Obligor Liquidity Facility).

General – Issuer LF Loan

The Liquidity Facility made available to the Issuer on the Initial Closing Date was £7,150,000. This was increased to £10,780,000 on the Initial First New Closing Date and will be increased to £13,240,000 on the Further First New 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 Initial Closing Date (the **LF Final Maturity Date**) (but on a renewable basis). The Issuer Liquidity Facility was available from the Initial 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 Original Limited Partnerships that it has received all of the conditions precedent documents and evidence set out in Schedule 1 of the Liquidity Facilities Agreement and in Schedule 12 to the CTA.

Fees

An arrangement fee was payable by each of the Original Limited Partnerships and the Issuer on the Initial Closing Date and on the Initial First New Closing Date. A further arrangement fee will be payable by the Issuer on the Further First New Closing Date. A commitment fee was and will also be payable by each of the Original Limited Partnerships and the Issuer quarterly in arrear on each Interest Payment Date on the undrawn and uncancelled commitments under the Obligor Liquidity Facility and the Issuer Liquidity Facility respectively. In addition, the Original General Partners on behalf of the Original 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 was and 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 was and 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 (**Margin**). Should the Original 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 Original 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 Original Limited Partnerships, payments to the LF Provider 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 latest Final Maturity Date (in respect of the Notes) and (ii) the date on which the Original 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 17th anniversary of the Initial Closing Date.

Voluntary cancellation

The Original 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 Original General Partners for and on behalf of the Original 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 Original General Partners for and on behalf of the Original 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 Original Limited Partnerships and the Issuer certify to the Obligor Security Trustee and the Issuer Security Trustee that such cancellation will not cause the Obligor Debt Service Shortfall Test and the Issuer Debt Service 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 Original 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 (as defined in the Liquidity Facilities Agreement) and a substitute Liquidity Facilities Agreement has been entered into,

then each of the Issuer and the Original 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 Original 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 Original Limited Partnerships must repay or prepay the LF Loans (and any other amounts to be repaid by the Issuer or the Original Limited Partnerships under the Liquidity Facilities Agreement) on the date specified in paragraph (c) below.

(c) The date for repayment or prepayment of a LF Loan (and any other amounts to be repaid by the Issuer or the Original Limited Partnerships under the Liquidity Facilities Agreement) will be the next following Interest Payment Date after the Issuer and the Original Limited Partnerships have received the notification in paragraph (b) above.

Mandatory prepayment upon disposal of a Property

The Original 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 Original 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 Original 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 Original Limited Partnerships shall prepay the LF Loans with the amounts then standing to the credit of the Disposal Proceeds Account, the Lock-Up Account and the Cure Deposit Account 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 Original Limited Partnerships shall prepay the LF Loans with the amounts then standing to the credit of the Disposal Proceeds Account, the Lock-Up Account 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 Original 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 Original 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, the Original Limited Partnerships or the Issuer, as the case may be, shall use reasonable commercial efforts to enter into a new liquidity facilities 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 Original Limited Partnerships will continue to be required to use reasonable commercial efforts to enter into such a new liquidity facilities 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 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 Original Limited Partnerships and the Issuer and have not obtained a replacement on the fifth Business Day before the LF Final Maturity Date,

then the Issuer or the Original 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 Original Limited Partnerships) and under the Issuer Liquidity Facility (in the case of the Issuer). The proceeds of the Liquidity Standby Drawing will be deposited into the Obligor Liquidity Standby Account and credited to the relevant Obligor Liquidity Standby Sub-Ledgers or deposited into 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 Original 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 Facilities 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 Facilities Agreement;

(d) a substitute liquidity facility agreement being entered into in accordance with the Liquidity Facilities 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 Original 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 Facilities

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 Facilities 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** 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 Original 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 Original Limited Partnerships (as the case may be);

(e) the Issuer or any of the Original 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 Original Limited Partnerships, as the case may be);

(f) service of an Obligor Acceleration Notice on the Original Limited Partnerships or an Issuer Enforcement Notice on the Issuer; and

(g) it is or becomes unlawful for the Original 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 Original 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 Original Obligor entered into the Original Obligor Deed of Charge on the Initial Closing Date (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, to which the New Obligors acceded to on the Initial First New Closing Date pursuant to the First Supplemental Obligor Deed of Charge.

Pursuant to the Obligor Deed of Charge, each Obligor:

(a) guarantees the obligations of each other Obligor under the Obligor Transaction Documents; and

(b) grants 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**) has been 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, to the extent applicable, incorporates the provisions of the CTA.

The security constituted by the Obligor Deed of Charge is 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 is and 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 provides and 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 and the Management 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:

(a) sets 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) regulates the relationships between the various Obligor Secured Creditors; and

(c) incorporates market standard provisions whereby all Obligor Secured Creditors agree that the Obligor Security Trustee alone may enforce the Obligor Security.

Scottish security

Pursuant to the Obligor Deed of Charge, the following security was 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 (or, as applicable, Management Limited Partnership) of its beneficial interest in each Scottish Property (or, as applicable, its beneficial interest in any Management Company Lease of any Scottish Property); and

(d) the Scottish Floating Charges.

Issuer Deed of Charge

The Issuer has created 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; and

(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 Agreements;

(c) an assignment (and, to the extent not assignable, charge) of its right, title, interest and benefit in and to the Issuer's beneficial interest in the trust of the Obligor Security contained in the STID; and

(d) 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 is 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:

(a) sets 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) provides for the restatement of the Issuer Security (by way of the First Supplemental Issuer Deed of Charge) in relation to Obligor Security granted by the New Obligors over assets located in Scotland or the rights to which are governed by Scots law;

(c) regulates the relationships between the various Issuer Secured Creditors (including the Note Trustee on behalf of the Noteholders and/or Couponholders);

(d) incorporates market standard provisions whereby all Issuer Secured Creditors agree that the Issuer Security Trustee alone may enforce the Issuer Security;

(e) sets 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

(f) includes market standard limited recourse and non-petition provisions.

The Issuer Deed of Charge provides 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 each Borrower Hedge Collateral Account.

Additionally:

(a) each General Partner has established, in the joint names of the General Partners (for and on behalf of their respective Limited Partnerships), on or prior to the Initial First New Closing Date, the Sinking Fund Account, the General Account, the Cure Deposit Account, the Disposal Proceeds Account, the Defeasance Account, the Lock-Up Account and the Obligor Liquidity Reserve Account;

(b) each General Partner has established, in the joint names of the General Partners (for and on behalf of their respective Limited Partnerships), as and when required under the CTA, each LP Hedge Collateral Account; and

(c) GP1 (for and on behalf of LP1, LP10, LP11 and LP12), GP10 (for and on behalf of LP10), GP11 (for and on behalf of LP11), GP12 (for and on behalf of LP12), GPFV (for and on behalf of LPFV) and GPNS (for and on behalf of LPNS) has established the VAT Account.

Each of the Management Companies (other than the Management Limited Partnerships) and the Management General Partners (for and on behalf of their respective Management Limited Partnerships) have established, in the joint names of the Management Companies (other than the Management Limited Partnerships) and the Management General Partners (for and on behalf of their respective Management Limited Partnerships), on or prior to the Initial First New Closing Date, the Commercial Rent Deposit Account, the Student Rent Deposit Account and the Management Company Account.

The Obligor Accounts are held with the Obligor Account Bank pursuant to the Obligor Account Bank Agreement dated the Initial Closing Date (as amended and restated on the Initial First New Closing Date) between, *inter alios*, the Borrower, the Original General Partners, the Obligor Account Bank and the Obligor Security Trustee, to which the New General Partners, the New Management Companies and the Management General Partners acceded on the Initial First New Closing Date.

As of the Initial Closing Date, the Original General Partners for and on behalf of the Original Limited Partnerships have opened, maintain and hold 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.

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.

Any Obligor or the Obligors (as applicable) may revoke its appointment of the Obligor Account Bank in respect of its or their Obligor Account 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 rating the Notes (including S&P) except that if there is no other clearing bank which maintains the Account Bank Minimum Ratings in respect of the Rating Agencies rating the Notes, 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 by the relevant Obligors within 60 days of the date on which the Obligor Account Bank no longer holds the Account Bank Minimum Ratings (in respect of any two Rating Agencies rating the Notes (including S&P)), provided that if the Obligors have used reasonable commercial efforts to so replace the Obligor Account Bank and have 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 (in respect of the Rating Agencies rating the Notes (including S&P)) has been appointed in accordance with the Obligor Account Bank Agreement (and the Obligors 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 has been declared (in favour of the Management Companies) 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 (or, in the case of the Management Limited Partnerships, leased by the relevant Nominees on trust for the relevant Management Limited Partnerships).

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 (or, in the case of the Management Limited Partnerships, the relevant Nominees on trust for the relevant Management Limited Partnerships) to the Management Company Account and credit such amount to the relevant Management Company Sub-Ledgers no later than the Business Day following receipt.

Management Company Account

Each Management Company will no later than the 20th calendar day of each calendar month:

(a) transfer from the Management Company Account and debit its Management Company Sub-Ledger with 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**) and deposit such amount into the Student Rent Deposit Account and credit such amount to its Student Rent Deposit Sub-Ledger;

(b) transfer from the Management Company Account and debit its Management Company Sub-Ledger with 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**) and deposit such amount into the Commercial Rent Deposit Account and credit such amount to its Commercial Rent Deposit Sub-Ledger; and

(c) transfer from the Management Company Account to the Borrower Account the remaining amounts standing to the credit of the Management Company Account and credited to the relevant Management Company Sub-Ledgers which relate to the Properties to which each of the Limited Partnerships have an interest (other than (i) each Management Company's and each Limited Partnership'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) each Management Company's proportionate share of any Adjusted Approved Operating Costs less any amounts applied by or on behalf of that or another Management Company to meet such Adjusted Approved Operating Costs; (iii) each Limited Partnership's proportionate 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 that 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 each Management Company; (vi) the Capex Amount to be paid into the Sinking Fund Account; and (vii) an amount equal to any VAT which is required to be paid by or on behalf of each Management Company (or, in the case of the Management Limited Partnerships, by or on behalf of the relevant Management General Partner or Management General Partners on its behalf) or the relevant General Partner or General Partners (on behalf of the relevant Limited Partnership or Limited Partnerships) 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 the Management Company Account and debit the relevant Management Company Sub-

Ledgers (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 the relevant Management Company's behalf or to reimburse the Property Manager if already paid on the relevant Management Company's behalf;

(b) on the immediately following Interest Payment Date or any Business Day occurring thereafter but prior to the next Interest Payment Date, the relevant Management Company's 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, the relevant Limited Partnership's 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 behalf of the relevant Limited Partnership or to reimburse the Property Manager if already paid on behalf of the relevant Limited Partnership;

(e) at any time in a calendar month, an amount equal to the Capex Amount for the relevant Limited Partnership for deposit into the Sinking Fund Account and credit to its Sinking Fund Sub-Ledger; and

(f) at any time in a calendar month, an amount equal to any VAT which is required to be paid to HMRC by or on behalf of the relevant Management Company or Management Companies (or, in the case of the Management Limited Partnerships, by or on behalf of the relevant Management General Partner or Management General Partners on its behalf) or the relevant General Partner or General Partners (on behalf of the relevant Limited Partnership or Limited Partnerships).

The Obligor Cash Manager shall open and maintain ledgers in the Management Company Account (the **Management Company Sub-Ledgers**) for the purposes of recording the amounts credited to and debited from the Management Company Account in respect of each Management Company.

Borrower Account

The following proceeds will be deposited into the Borrower Account:

(a) any proceeds of any drawing by the Original Limited Partnerships under the Liquidity Facilities Agreement (other than an Obligor Liquidity Standby Drawing);

(b) any amounts withdrawn by the Limited Partnerships from the Obligor Liquidity Reserve Account and/or (in the case of the Original Limited Partnerships) the Obligor Liquidity Standby Account);

(c) any interest income earned from time to time on the Obligor Liquidity Standby Account; and

(d) any remaining amounts standing to the credit of the Management Company Account (following certain other payments to the Student Rent Deposit Account, the Commercial Rent Deposit Account 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 proportionate share of the Property and Asset Management Fee, the Cash Management Fee and the Reimbursable Expenses; (ii) each Management Company's proportionate share of any Adjusted Approved Operating Costs less any amounts applied by or on behalf of that or another Management Company to meet such Adjusted Approved Operating Costs; (iii) each Limited Partnership's proportionate 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 Management Company; (vi) the Capex Amount to be paid into the Sinking Fund Account and (vii) an amount equal to any VAT which is required to be paid by or on behalf of each Management Company (or, in the case of the Management Limited Partnerships, by or on behalf of its Management General Partner or Management General Partners on its behalf) or the relevant General Partner or General Partners (on behalf of the relevant Limited Partnership or Limited Partnerships) 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.

The Obligor Cash Manager has opened and shall maintain a ledger in the Borrower Account for the purposes of recording the Liquidity Retention 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) and its application on the immediately following Interest Payment Date.

Withdrawals have been and 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 Account

Any amounts otherwise to be paid by way of Intra-Group Payment for the purpose of the Borrower prepaying any Issuer/Borrower Loans corresponding to Fixed Rate Notes (including the First New Issuer/Borrower Loan) may, at the option of the Limited Partnerships, instead be deposited by the Limited Partnerships into the Defeasance Account (and corresponding entries made on the relevant Defeasance Sub-Ledgers created by the Obligor Cash Manager in accordance with the CTA (the **Defeasance Sub-Ledgers**) established for the relevant Issuer/Borrower Loan and the relevant Limited Partnerships) in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Withdrawals will be made from the Defeasance Account (and corresponding entries made on the relevant Defeasance Sub-Ledgers established for the relevant Issuer/Borrower Loan and the relevant Limited Partnerships) in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

Following the service of an Obligor Acceleration Notice, amounts deposited into the Defeasance Account and credited to the relevant Defeasance Sub-Ledgers, 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 deposited into the Defeasance Account and credited to the relevant Defeasance Sub-Ledgers) and the Historic Cashflow ICR is greater than or equal to 2.00, the Unused Tender Amount may be withdrawn from the Defeasance Account and debited from the relevant Defeasance Sub-Ledgers 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 Original Limited Partnerships will be placed by the Original Limited Partnerships in an account (the **Obligor Liquidity Standby Account**) and credited to the relevant Obligor Liquidity Standby Sub-Ledgers, 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 Original 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 Original Limited Partnerships must ensure that the proceeds of any drawing by each of them under the Liquidity Facilities Agreement (other than an Obligor Liquidity Standby Drawing) are paid by way of Intra-Group Payment directly into the Borrower Account.

The Obligor Cash Manager shall open and maintain ledgers in the Obligor Liquidity Standby Account (the **Obligor Liquidity Standby Sub-Ledgers**) for the purposes of recording the amounts credited to and debited from the Obligor Liquidity Standby Account in respect of each relevant Limited Partnership.

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 to the relevant Limited Partnerships, *pro rata* and *pari passu*:

(a) deposit (on behalf of the relevant Limited Partnerships) into the Obligor Liquidity Reserve Account and credit to the relevant Obligor Liquidity Reserve Sub-Ledgers 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 deposited into the Obligor Liquidity Reserve Account and credited to the relevant Obligor Liquidity Reserve Sub-Ledgers or the Issuer Liquidity Reserve Account will only be transferred (and, in relation to the Obligor Liquidity Reserve Account, debited from the relevant Obligor Liquidity Reserve Sub-Ledgers) 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, in each case, 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 deposited into the Obligor Liquidity Reserve Account and credited to the relevant Obligor Liquidity Reserve Sub-Ledgers, then the amount deposited into the Obligor Liquidity Reserve Account and credited to the relevant Obligor Liquidity Reserve Sub-Ledgers shall be transferred to the General Account and credited to the relevant General Sub-Ledgers and debited from the relevant Obligor Liquidity Reserve Sub-Ledgers.

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 deposited into 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 deposited into the Obligor Liquidity Reserve Account and credited to the relevant Obligor Liquidity Reserve Sub-Ledgers 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 and credited to the relevant General Sub-Ledgers.

The Obligor Cash Manager shall open and maintain ledgers in the Obligor Liquidity Reserve Account (the **Obligor Liquidity Reserve Sub-Ledgers**) for the purposes of recording the amounts credited to and debited from the Obligor Liquidity Reserve Account in respect of each Limited Partnership.

Lock-Up Account

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 to the Limited Partnerships 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 Account and make a corresponding credit to the relevant Lock-Up Sub-Ledgers with such amount.

If a Trigger Event has occurred and is continuing, the Borrower will transfer by way of Intra-Group Payment to the Limited Partnerships 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 Account and credit the relevant Lock-Up Sub-Ledgers.

Amounts deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers will be transferred from the Lock-Up Account and debited from the relevant Lock-Up Sub-Ledgers 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 deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers , 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 deposited into the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers shall be transferred to the General Account and credited to the relevant General Sub-Ledgers and debited from the relevant Lock-Up Sub-Ledgers. Otherwise, amounts shall remain held in the Lock-Up Account and credited to the relevant Lock-Up Sub-Ledgers to be applied in accordance with the Trigger Event Consequences and the Prepayment Principles as set out in "*Common Terms Agreement*" above and debited from the relevant Lock-Up Sub-Ledgers.

Any amounts deposited into the Lock-Up Account and credited to the Lock-Up Sub-Ledgers 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 and credited to the relevant General Sub-Ledgers and debited from the relevant Lock-Up Sub-Ledgers.

The Obligor Cash Manager shall open and maintain ledgers in the Lock-Up Account (the **Lock-Up Sub-Ledgers**) for the purposes of recording the amounts credited to and debited from the Lock-Up Account in respect of each Limited Partnership.

Cure Deposit Account

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 Account and credit the Cure Deposit Sub-Ledgers with such amount 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 deposited into the Cure Deposit Account and credited to the relevant Cure Deposit Sub-Ledgers, and provided that no Financial Covenant Ratio Breach would occur as a result of such payment being made on such Test Date, the amount deposited into the Cure Deposit Account and credited to the relevant Cure Deposit Sub-Ledgers shall be transferred to the General Account and credited to the relevant General Sub-Ledgers and debited from the relevant Cure Deposit Sub-Ledgers.

If the Obligors have been in breach of the Financial Covenant Ratios for two successive Test Dates, without taking into account amounts deposited into the Cure Deposit Account and credited to the relevant Cure Deposit Sub-Ledgers, then on the second such Test Date, amounts deposited into the Cure Deposit Account and credited to the Cure Deposit Sub-Ledgers shall be applied by way of Intra-Group Payment from the Limited Partnership to the Borrower by transfer from the Cure Deposit Account to the Borrower Account in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above.

The Obligor Cash Manager shall open and maintain ledgers in the Cure Deposit Account (the **Cure Deposit Sub-Ledgers**) for the purposes of recording the amounts credited to and debited from the Cure Deposit Account in respect of each Limited Partnership.

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 Account

Amounts standing to the credit of the Disposal Proceeds Account, the VAT Account, the Obligor Liquidity Reserve Account and the Lock-Up Account have and will be transferred to the General Account and credited to the relevant General Sub-Ledgers and debited from the relevant Disposal Proceeds Sub-Ledgers, VAT Sub-Ledgers, Obligor Liquidity Reserve Sub-Ledgers and/or Lock-Up Sub-Ledgers (as applicable) in the circumstances set out in this "*Obligor Account Bank Agreement*" section. In addition, amounts have and will be transferred from the Borrower Account

to the General Account and credited to the relevant General Sub-Ledgers pursuant to item (n) of the Borrower Pre-Enforcement Pre-Acceleration Payment Priorities or pursuant to item (i) of the Borrower Post-Enforcement Post-Acceleration Payment Priorities.

Each Limited Partnership has made and may make withdrawals from the General Account and debit its General Sub-Ledger 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 the General Account.

The Obligor Cash Manager shall open and maintain ledgers in the General Account (the **General Sub-Ledgers**) for the purposes of recording the amounts credited to and debited from the General Account in respect of each Limited Partnership.

Commercial Rent Deposit Account and Student Rent Deposit Account

The Management Companies (other than the Management Limited Partnerships) and the Management General Partners (for and on behalf of their respective Management Limited Partnerships) have established two accounts with the Obligor Account Bank into which Student Rent Deposits and Commercial Rent Deposits, respectively, paid in respect of the Properties they hold under the Management Company Leases will be deposited from time to time (including each Management Company's interest in any replacement account, the **Commercial Rent Deposit Account** and the **Student Rent Deposit Account** respectively).

The Obligor Cash Manager has opened and maintains ledgers in the Student Rent Deposit Account (the **Student Rent Deposit Sub-Ledgers**) and the Commercial Rent Deposit Account (the **Commercial Rent Deposit Sub-Ledgers**) for the purposes of recording the amounts credited to and debited from the Student Rent Deposit Account and the Commercial Rent Deposit Account in respect of each Management Company or Management General Partner (on behalf of its Management Limited Partnership).

Disposal Proceeds Account

Each Limited Partnership 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 the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledger; or

(b) if an Obligor Event of Default is continuing, the Net Disposal Proceeds are promptly paid directly into the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledger.

On the next Interest Payment Date following receipt of an amount into the Disposal Proceeds Account and credit to its Disposal Proceeds Sub-Ledger, the relevant Limited Partnership may, at its discretion, withdraw from the Disposal Proceeds Account and debit its Disposal Proceeds Sub-Ledger with an amount equal to such amount and apply such amount by way of Intra-Group Payment to the Borrower by transfer to the Borrower in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above or leave such amount on deposit in the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledger so that it may be applied for the purposes of an acquisition of a Property in accordance with the terms of the CTA within 12

months of receipt into the Disposal Proceeds Account and credit to its Disposal Proceeds Sub-Ledger.

If the amount deposited into the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledgers is not applied for the purposes of an acquisition of a Property in accordance with the terms of the CTA within 12 months of receipt into the Disposal Proceeds Account and credit to its Disposal Proceeds Sub-Ledger, such amount shall be applied by the relevant Limited Partnership by way of Intra-Group Payment to the Borrower by transfer to the Borrower Account and debit to its Disposal Proceeds Sub-Ledger on the next Interest Payment Date 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 the General Account and credited to its General Sub-Ledger.

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 the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledger and applied by the relevant Limited Partnership on the next Interest Payment Date and debited from its Disposal Proceeds Sub-Ledger 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 the Disposal Proceeds Account and credited to its Disposal Proceeds Sub-Ledger and if not applied to reinstatement of the relevant Property within three years will be applied by the relevant Limited Partnership on the next Interest Payment Date in accordance with the Prepayment Principles set out in "*Common Terms Agreement*" above and debited from its Disposal Proceeds Sub-Ledger.

Proceeds (other than loss of rent insurance) received under the Insurance Policies may be withdrawn from the Disposal Proceeds Account and debited from the relevant Disposal Proceeds Sub-Ledger(s) to be applied to reinstatement of the relevant Property or Properties within three years of receipt of such insurance proceeds.

The Obligor Cash Manager shall open and maintain ledgers in the Disposal Proceeds Account (the **Disposal Proceeds Sub-Ledgers**) for the purposes of recording the amounts credited to and debited from the Disposal Proceeds Account in respect of each Limited Partnership.

Sinking Fund Account

The amount retained in the Management Company Account and credited for such purpose to the relevant Management Company Sub-Ledgers 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 the Sinking Fund Account and credited to the relevant Sinking Fund Sub-Ledgers and debited from the relevant Management Company Sub-Ledgers.

The Property Manager (for and on behalf of the relevant Limited Partnership) may withdraw amounts from the Sinking Fund Account and debit the relevant Sinking Fund Sub-Ledgers 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.

The Obligor Cash Manager shall open and maintain ledgers in the Sinking Fund Account (the **Sinking Fund Sub-Ledgers**) for the purposes of recording the amounts credited to and debited from the Sinking Fund Account in respect of each Limited Partnership.

VAT Account

Each General Partner or General Partners (for and on behalf of the relevant Limited Partnership or Limited Partnerships) shall pay or procure that there is paid into the VAT Account and credited to the relevant VAT Sub-Ledgers such part of the payments it receives as represents VAT chargeable on any supply or supplies made by or on behalf of the relevant Limited Partnership or Limited Partnerships for VAT purposes.

Each of GP1, GP11, GP12 and GPNS shall use amounts deposited into the VAT Account and credited to the relevant VAT Sub-Ledgers to pay any VAT which it is required to pay to HMRC from time to time and to debit the relevant VAT Sub-Ledgers.

On each Interest Payment Date, any amounts deposited into the VAT Account and credited to the relevant VAT Sub-Ledgers over and above those required to be paid to HMRC (either then or in the future) shall be transferred to the General Account and credited to the relevant General Sub-Ledger and debited from the relevant VAT Sub-Ledgers.

The Obligor Cash Manager shall open and maintain ledgers in the VAT Account (the **VAT Sub-Ledgers**) for the purposes of recording the amounts credited to and debited from the VAT Account in respect of the relevant Limited Partnerships.

Authorised Investments

All balances of the Borrower Account, the Obligor Liquidity Reserve Account, the Commercial Rent Deposit Account, the Student Rent Deposit Account, the Sinking Fund Account, the Disposal Proceeds Account, the Lock-Up Account, the Defeasance Account 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**) was entered into on the Initial Closing Date by, amongst others, the Issuer, the Borrower, the Original General Partners, the Original Nominees, the Obligor HoldCo, the Original Management Companies, the Limited Partners of the Original Limited Partnerships (or trustees on behalf of the Limited Partners of the Original Limited Partnerships), the Property Manager, USAF RCC Limited, the Issuer HoldCo, the Holding Company and the Parent Company (in each case, if not defined in this Prospectus, as defined in the Tax Deed of Covenant) (together, the **Original Tax Covenantors**) and the Note Trustee, the Issuer Security Trustee and the Obligor Security Trustee (the **Tax Beneficiaries**), to which the New General Partners, the New Nominees, the New Management Companies, the Management General Partners and the Limited Partners of the New Limited Partnerships (or trustees on behalf of the Limited Partners of the New Limited Partnerships) (together, the **New Tax Covenantors** and together with the Original Tax Covenantors, the **Tax Covenantors**) acceded on the Initial First New Closing Date.

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 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 General Partners 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 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 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) UML 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 UML;

(ii) UM11L 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 leases for Arrad House, Cambridge Court, Cedar House, Lennon Studios, Marketgate and Piccadilly Point to UM11L; and

(iii) GP1, GP11 and GP12 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 Initial Reorganisation Transfers, in the case of LP1, 3 years of the last to occur of the Initial First New Reorganisation Transfers, in the case of LP11 or 3 years of 26 November 2010, in the case of LP12, 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 give representations and warranties relevant to its status as a securitisation company.

NOTE TRUST DEED

General

On the Initial Closing Date, the Issuer and the Note Trustee entered into a note trust deed (the **Original Note Trust Deed**) pursuant to which the Initial Notes were constituted, which was supplemented and amended on the Initial First New Closing Date by a supplemental deed thereto (the **First Supplemental Note Trust Deed**) pursuant to which the Initial First New Notes were constituted and which will be further supplemented and amended on the Further First New Closing Date by a supplemental deed thereto (the **Second Supplemental Note Trust Deed**) pursuant to which the Further First New Notes will be constituted (the Original Note Trust Deed, the First Supplemental Note Trust Deed and the Second Supplemental Note Trust Deed together, the **Note Trust Deed**). 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 holds or 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, subject to any Issuer Secured Creditor Entrenched Rights, 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 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 Conditions, the Note Trust Deed 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 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*) of the Initial Notes, the First New Notes and/or any Further Notes, New Notes or Replacement Notes 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 and provided further that to the extent such waiver, authorisation or direction relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors have given their approval or consent in writing 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 approved or consented to such waiver, authorisation or direction in accordance with the provisions of the Note Trust Deed.

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 and/or the Couponholders in accordance with the Conditions as soon as practicable thereafter (and copied to the Rating Agencies in the case of any modification).

Modification

The Note Trustee may, subject to any Issuer Secured Creditor Entrenched Rights or the provisions of the STID as provided below, without the consent or sanction of the Noteholders and/or Couponholders of any class or any of the other Issuer Secured Creditors (other than any Issuer Secured Creditor which is a party to the relevant 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)), at any time and from time to time, concur with the Issuer or any other person, or direct the Issuer Security Trustee to concur with the Issuer or any other person, in making any modification: to (i) (other than a Basic Terms Modification) 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 Issuer Transaction Documents which are Common Documents, the Tax Deed of Covenant or the Liquidity Facilities Agreement) 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 give its consent to any event, matter or thing or direct the Issuer Security Trustee to do so, if (a) in the opinion of the Note Trustee it is proper to make or give, provided that it is of the opinion that such modification or consent will not be materially prejudicial to the interests of all classes of the Noteholders and/or Couponholders; 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 (subject as provided in the STID in relation to any Issuer Transaction Documents which are Common Documents, the Tax Deed of Covenant or the Liquidity Facilities Agreement), 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, such modification is 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 approval or consent to such modification or 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 approved or consented to such modification or consent 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 and (subject as provided below) 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 and/or the other Issuer Transaction Documents or giving its consent to any event, matter or thing 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 Initial Closing Date and which modification(s) or consent(s) 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 provisions of the STID relating to modifications thereto shall apply.

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 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 Issuer Transaction Documents and/or the Conditions.

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/or the Couponholders and, unless the Note Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders and/or the Couponholders in accordance with the Conditions and to the Rating Agencies 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 an 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, including, but not limited to, delivery of an Issuer Enforcement Notice) unless: (a) directed to do so by an Extraordinary Resolution of the Noteholders and/or the Couponholders (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 any 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 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, 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 USAF 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 Initial Closing Date. Pursuant to the Issuer Cash Management Agreement, the Issuer Cash Manager undertakes 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) operates the Issuer Accounts and effect payments to and from the Issuer Accounts in accordance with the provisions of the relevant Issuer Transaction Documents; (b) procures 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 Account*" 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 have been and 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 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 is held with the Issuer Account Bank pursuant to the Issuer Account Bank Agreement dated the Initial Closing Date between the Issuer, the Issuer Cash Manager, the Issuer Account Bank and the Issuer Security Trustee.

Following the Initial 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 Account*" 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 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 Original Agency Agreement entered into on the Initial Closing Date between, *inter alios*, the Issuer, the Note Trustee and the Principal Paying Agent which was supplemented and amended on the Initial First New Closing Date in respect of the Initial First New Notes by the First Supplemental Agency Agreement and which will be further supplemented and amended on the Further First New Closing Date in respect of the Further First New Notes by the Second Supplemental Agency Agreement, 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 provides 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 the Liquidity Retention Amount retained pursuant to item (j) below on the previous Interest Payment Date) (together with amounts available to be drawn by the Original Limited Partnerships under the Obligor Liquidity Facility and/or withdrawn by the Original Limited Partnerships from the Obligor Liquidity Standby Account and/or by any of the Limited Partnerships from 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 the 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 Original 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 Management Company Account and debited from the relevant Management Company Sub-Ledgers); 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 Original 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 ISDA Master Agreement (including any credit support annex thereto and any confirmations entered into thereunder) between the Borrower and a Hedge Counterparty (a **Borrower Hedging Agreement**); and

(v) all scheduled amounts due and payable by the Limited Partnerships to the relevant LP Hedge Counterparties under any ISDA Master Agreement (including any credit support annex thereto and any confirmations entered into thereunder) between the General Partners on behalf of the relevant Limited Partnerships and a Hedge Counterparty (an **LP Hedging Agreement**);

(g) **seventh**, in or towards satisfaction *pro rata* and *pari passu* of:

(i) prepayment by the Original 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 Original 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 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) (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 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) (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 Account and crediting it to the relevant Lock-Up Sub-Ledgers;

(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 Account and crediting it to the relevant Lock-Up Sub-Ledgers; 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 the General Account and crediting it to the relevant General Sub-Ledgers as an amount available to make Restricted Payments.

Borrower Post-Enforcement Pre-Acceleration Payment Priorities

The STID provides 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 the Liquidity Retention Amount retained pursuant to item (j) below on the previous Interest Payment Date) (together with amounts available to be drawn by the Original Limited Partnerships

under the Obligor Liquidity Facility and/or withdrawn by the Original Limited Partnerships from the Obligor Liquidity Standby Account and/or by any of the Limited Partnerships from 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 the 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 Original 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 Original 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 Original 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 Original 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 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) (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 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) (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 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 Account.

Borrower Post-Enforcement Post-Acceleration Payment Priorities

The STID provides that all Available Enforcement Proceeds (other than (i) amounts standing to the credit of the Obligor Liquidity Standby Account and the 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 Original 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 Original 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 Original 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; and

(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 the General Account.

ISSUER PAYMENT PRIORITIES

Issuer Pre-Enforcement Pre-Acceleration Payment Priorities

The Issuer Cash Management Agreement provides 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 provides 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 provides 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 (**UNITE**) is the UK's leading developer and manager of student accommodation, with approximately 46,000 beds in 138 centrally located properties in 28 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 £1.4 billion as at 18 March 2016, which is double its market capitalisation of approximately £706 million as at 20 October 2013 (prior to the issue of the Initial First New Notes). The increase over the period from October 2013 has been generated by strong rental growth, high occupancy, an increasing proportion of long term rental agreements and capital investment. In addition, UNITE raised approximately £210 million of new share capital in the period.

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 has since pursued a sustainable growth strategy designed to make the most of the resilient nature of the student accommodation sector. The focus is to maintain the strongest brand in the sector and operate the highest quality portfolio through consistent investment in and improvement to the operating platform, highly selective development activity, asset management initiatives and portfolio recycling.

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.

UNITE announced on 7 April 2016 that Mark Allan would be leaving the business to take up a role elsewhere. Richard Smith will be promoted to Chief Executive Officer, with effect from 1 July 2016. Mark Allan will remain with the UNITE in an advisory role until 31 October 2016 to support Richard Smith and ensure a smooth transition.

Richard Smith joined UNITE in 2010 and has been a member of the UNITE's board since January 2012 in the role of managing director of operations. In this role, he led the operational delivery and service provision to UNITE's 46,000 customers, launched the "Home for Success" programme which has supported the business' market leading position and financial performance; and been at the forefront of establishing and building key relationships with university stakeholders.

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. As at the date of this Prospectus, it holds a portfolio of 78 properties valued at over £2 billion which are located in 24 cities across the UK providing over 26,800 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 June 2015, raising £306 million of equity.

USAF has now grown to having over 100 investors. UNITE is the largest investor with a current co-investment stake of 23.0 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 more than doubled since 1991, driven by factors including government policy, demographics and global mobility. According to the "Higher Education Statistics Agency" (**HESA**), approximately 1.7 million students now study full-time in the UK, including approximately 390,000 full-time students from outside the UK, and student demand for places has outstripped availability for the last 13 years (source: "Universities and Colleges Admissions Services" (**UCAS**)).

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 has increased every year since then (source: UCAS). Total applicants in 2015/2016 were 718,500, up from 653,600 in 2012/2013 (source: UCAS). Total accepted applicants were 532,300, up from 464,900 in the same period (source: UCAS). The overall number of applicants for 2015/2016 exceeded acceptances by over 186,000 (source: UCAS).

This trend is set to continue following positive Government policy announcements, including the removal of the student number cap for students from the UK and the EU which allows universities to recruit as many of those students as they like from 2015/2016. Universities in Scotland remain subject to a cap on the number of Scottish and EU students that can be accepted. As in England, there is however no cap on the number of students that Scottish universities can accept from the rest of the UK and outside the EU.

The growth in student numbers has been strongest in the high tariff and medium tariff universities. The impact of the tuition fee increase has been to focus students on a higher quality of service rather than to reduce demand. USAF's portfolio of high quality properties located in strong university towns and cities has benefited from this trend.

This growth in demand has generated consistent occupancy and strong rental growth. The weighted average occupancy of the Property Portfolio is 98 per cent. (source: UNITE), calculated on the basis of typical students' lease terms (of 9 to 12 months) in the 2015/2016 academic year, and averaged approximately 98 per cent. (source: UNITE) over the five academic years preceding the date of this Prospectus. USAF has experienced rental growth of an average of 5.0 per cent.

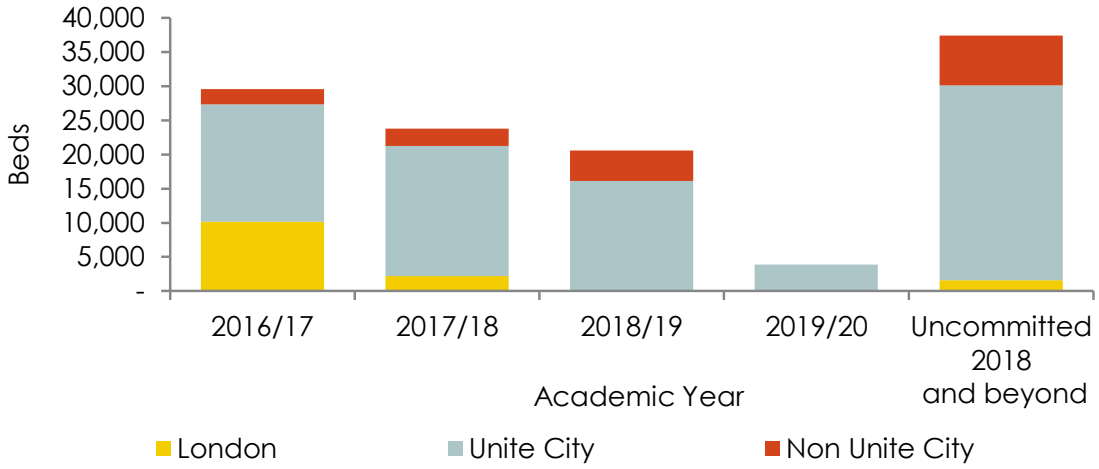
per annum since 2013 (source: UNITE). This rental growth has, according to the CBRE, been the main driver of an increase in the value of the Property Portfolio from £1.2 billion to £1.5 billion from 30 September 2013 to 31 March 2016.

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 (source: HESA), universities have generally been unable to fund their own construction of sufficient new student accommodation. This has greatly increased reliance on the private sector to provide this.

New student accommodation supply levels are estimated by UNITE to total approximately 30,000 beds for the next few years (source: UNITE). Of this total, approximately 4,800 beds will be provided by UNITE (source: UNITE). UNITE expects a continued requirement for new student accommodation development over the next few years as set out in the graph below.

Supply Outlook – Net New Beds – (Source: UNITE)



Universities are expected to develop little new supply of student accommodation themselves, instead focusing their capital on other infrastructure such as teaching facilities. The private rental sector faces tougher regulations and withdrawal of tax incentives for buy-to-let properties. Corporate supply has been restricted by a number of factors, including planning restrictions, land prices particularly in London, development cost inflation and city centre site availability.

There have been a number of new entrants into the student accommodation market, but these are primarily institutional investors seeking stable long-term returns rather than developing new capacity themselves.

International students

Education is currently the UK's fifth largest service export. The strength of UK institutions, with 46 UK universities in the top 200 of The Times Higher Education's European University Ranking, 16 UK universities in the top 100 of the Times Higher Education's World University Ranking and the use of English as the language of instruction in UK institutions, 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 390,000 students in 2015 (source: HESA).

International student numbers have grown by almost 100,000 since 2007 (source: HESA). The proportion of full-time international students in the UK has increased to 23 per cent., demonstrating the continued appeal and strong global reputation of UK higher education institutions (source: HESA).

Immigration controls introduced in 2012 abolished the post-study work visa which allowed non-EU students to stay in the UK and work for up to two years after graduation. However, the impact of these changes on full-time university student numbers has been limited. Sponsored higher education visas have continued to grow over the last five years and are now about 16 per cent. higher than in 2010 (the number of sponsored higher education visas in 2015 was 166,400, up from 143,700 in 2010). According to the Home Office, overall student visas fell about 22 per cent. (from 270,600 in 2011 to 201,800 in 2015), following the UK's tighter immigration controls from the 2011/2012 academic year, but the impact of this fall was contained to other sectors such as short-term language courses, independent schools and further education.

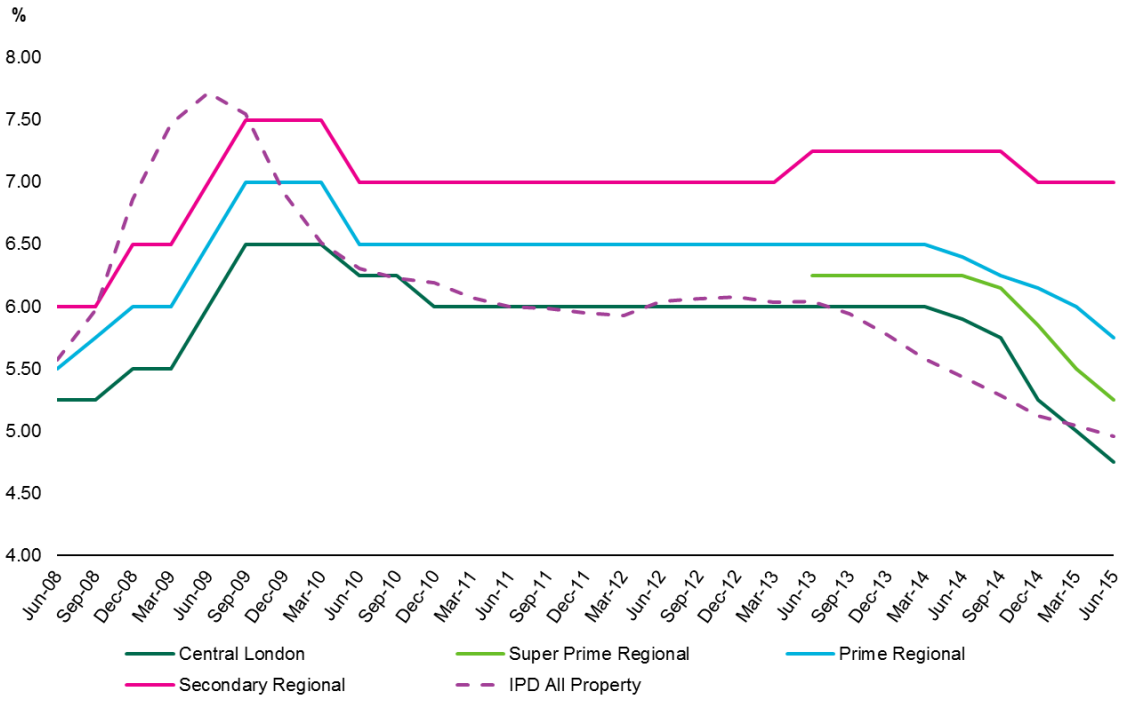
The global trend for studying abroad looks set to continue with the OECD forecasting that international mobility will more than double from 2013 to 2025. The British Council has also projected substantial continued growth in international student numbers over the same period.

The investment market in purpose-built student accommodation

There was a record number of transactions in student accommodation in 2015 (source: UNITE). Properties with a total value of £5.5 billion were traded, compared to £2.2 billion in 2014 (source: UNITE). This has been driven mainly by the entry into the market of new long-term investors. As a result it is estimated that 85 per cent. of stock is now held by well-capitalised, institutional investors with a long-term hold strategy (source: UNITE).

This demand has been concentrated in London and the Prime Regional sectors of the market (please see the graph below for further details). The overall USAF portfolio experienced a compression in yields of 82 basis points to 5.65 per cent. in the fifteen months to 31 March 2016 caused by rental growth, resilience in occupancy levels and an increase in the number of beds subject to long-term agreements. This structural yield compression has been firmly underpinned by the prospect for continued rental growth.

Direct Let Student Net Initial Yields compared with IPD[3] - (Source: Property Portfolio Valuation Report)



Rent and occupancy outlook

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 fee caps (approximately 34 per cent. of nationwide customers come from outside the UK, with 26 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.

The 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 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

3.
1. Central London refers to the single asset located in zone 1.
2. Super Prime Regional refers to the mostly historic towns and cities with restricted supply (examples - Oxford and Cambridge).
3. Prime Regional refers to the mature markets with a healthy supply and demand ratio and more than one university (examples - Aberdeen, Newcastle and Southampton).
4. Secondary Regional refers to towns and cities with possible oversupply issues.

offering at various price points, 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.

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[4]	95%
2013/14	98%
2014/15	98%
2015/16	98%

There has been a strong uptake in bookings for the next academic year. As at 30 April 2016, bookings for 2016/2017 were 73 per cent., which is at a similar level to the bookings at the same time in the previous year.

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 and has averaged this amount over the last five years.

UNITE has seen an improvement in customer satisfaction over the last three years. This has been the result of the strategy to focus on customers and to become the most trusted brand in the sector. An independent survey is commissioned twice a year to understand the progress made in the relationship with customers. In 2015 this score rose to 83, up from 72 in 2013.

Nomination Agreements

USAF sells beds both directly to students and via the universities at which students study. Where beds are sold via a university, an agreement is put in place that allows the university to nominate a specified number of beds. Universities have responded to the increase in student numbers by increasing the number of beds they sell via Nomination Agreements.

Nomination Agreements can have terms from one to ten years or more, and may include a guarantee from the university to cover any beds not filled. The recent trend has been for more Nomination Agreements for three to five years, with such guarantee.

[4] USAF experienced a temporary drop in occupancy in the 2012/2013 academic year as a result of a combination of the new tuition fee regime, changes in A-level pass rates and changes to immigration policy.

For 2015/2016, 15 per cent. of the beds in the Property Portfolio have been sold under Nomination Agreements for two or more years with a guarantee. The average remaining life is 3.4 years.

A further 29 per cent. of the total beds have been sold under Nomination Agreements for one year. There has been a high rate of renewal of these agreements, with 84 per cent. of the Nomination Agreements currently in place having been renewed from a previous agreement.

This represents a 10 per cent. increase in the number of beds sold under long term agreements. In contrast, there has been a reduction in the discount offered for such long term tenancies.

This trend to a higher proportion of beds sold under long term agreements has further underpinned long-term occupancy.

Capital expenditure

USAF has carried out significant capital expenditure on all its properties over the last two years. The 52 Properties in the Property Portfolio will have benefited from capital expenditure of approximately £25 million over the three years to 31 December 2016, in addition to sinking fund expenditure.

This has included a full upgrade to LED lighting, which has reduced both electricity costs and maintenance costs. All of the Properties have been updated externally and internally with the new UNITE branding. In addition, all common rooms and reception areas have been fully refurbished in accordance with this design. In total, these initiatives are expected to generate cost savings in a full year of £84 per bed.

USAF completed the installation of high-speed broadband in all the Properties in 2015. As a result wi-fi speed at 25Mbps is included in the rent, with students having an option to upgrade to 50Mbps.

The new UNITE operating system will be completed in the first half of 2016. The final element to be implemented is the new online booking system, following on from the maintenance and revenue management systems that went live in 2016.

USAF has also continued to carry out its programme of property refurbishment and bed upgrades. Two of the Properties have been fully refurbished since 2013 at a cost of £5.3 million and there have been bed upgrades at three of the Properties, with bed upgrades at five more of the Properties budgeted in 2016.

These initiatives have contributed further to the structural improvement in yield.

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 autumn 2015.

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 rental 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 2015.

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 an advisory committee (the **Advisory Committee** or **AC**), on which UNITE sits, but with a 23.0 per cent. stake it has a minority position. The other members are the top six 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 Nominees No.1 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 Issuer/Borrower Loans 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 the prospectuses dated 17 June 2013 and 15 November 2013 relating to the issue of the Existing Notes (the **Existing Prospectuses**) and this Prospectus; (v) the authorisation and execution of the other documents referred to in the Existing Prospectuses and 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 principally comprise: (i) the issue of the Existing Notes, the Further First New Notes and any Further Notes, New Notes and/or Replacement Notes; (ii) the advance of the Existing Issuer/Borrower Loans, the Further First New 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 the Existing Prospectuses and 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*) of the Existing Notes, the Further First New Notes and any Further Notes, New Notes and/or Replacement Notes.

The Issuer has entered 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 2016.

Deloitte LLP, with its registered office at 2 New Street Square, London, EC4A 3BZ, is the auditor of the Issuer. Deloitte LLP 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
Colin Benford	4th Floor, Dukes Place, London EC3A 7NH	Director of special purpose vehicles

The company secretary of the Issuer is Capita Trust Corporate 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 provides certain directors to the Issuer and the Corporate Services Provider also provides 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 is governed by English law.

Capitalisation and indebtedness statement

As at 31 December 2015:

	UNITE (USAF) II Plc[(1)]
	£'000
Indebtedness:	
Current debt:	(35)
Non-current debt:	
Secured	(556,449)
Unsecured	-
Total non-current debt	(556,449)
Total debt	**(556,484)**
Capitalisation:	
Capital and reserves [(2)]	
Share capital	13
Other reserves	-
Total	**13**
Net financial indebtedness:	
Liquidity	
Cash	16
Cash equivalents	-
Total liquidity	**16**
Current financial receivable	
Current financial receivable	40
Current debt	(35)
Net current financial indebtedness	**21**
Non-current financial indebtedness	
Non-current loan receivable	556,449
Notes issued [(3)]	(556,449)
Non-current financial indebtedness	**-**
Net financial indebtedness [(4)]	**21**

Notes:

(1) This information is derived from the most recently published audited annual accounts.
(2) Capital and reserves does not include the profit and loss account reserve.
(3) The secured notes issued are the previously issued Initial Notes and Initial First New Notes which were issued by the Issuer on the Initial Closing Date and the Initial First New Closing

Date, the proceeds of which were on-lent to the Borrower as the Initial Issuer/Borrower Loan and the Initial First New Issuer/Borrower Loan, respectively.

(4) There was no indirect or contingent indebtedness prior to the Further First New Closing Date.

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 4th Floor, 40 Dukes Place, London EC3A 7NH.

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 2016.

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
Colin Benford	4th Floor, 40 Dukes Place, London EC3A 7NH	Director of special purpose vehicles

The company secretary of the Issuer HoldCo is Capita Trust Corporate 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 provides certain directors to the Issuer

HoldCo and the Corporate Services Provider also provides 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 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 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 is 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 is 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 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
Nicholas William John Hayes	The Core, 40 St. Thomas Street, Bristol BS1 6JX	Development Director
Nicholas Guy Richards	The Core, 40 St. Thomas Street, Bristol BS1 6JX	Operations Finance Director
Joseph Julian Lister	The Core, 40 St. Thomas Street, Bristol BS1 6JX	Chief 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 section, 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 2016.

Deloitte LLP, with its registered office at 2 New Street Square, London, EC4A 3BZ, is the auditor of the Borrower. Deloitte LLP 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 31 December 2015:

	USAF Finance II Limited [(1)] £'000
Indebtedness:	
Current debt	(79)
Non-current debt	
Secured [(2)]	(556,449)
Unsecured	-
Total non-current debt	**(**556,449**)**
Total debt	**(556,528)**
Capitalisation:	
Capital and reserves [(3)]	
Share capital[5]	0
Other reserves	-
Total	**0**
Net financial indebtedness:	
Liquidity	
Cash	34
Cash equivalents	-
Total liquidity	34
Current financial receivable	
Current financial receivable	111
Current debt	(79)
Net current financial indebtedness	**66**
Non-current financial indebtedness	
Non-current loan receivable	556,393
Other non-current loans	(556,449)

[5] Share capital equals £1,000

Non-current financial indebtedness	**(56)**
Net financial indebtedness [(4)]	**10**

(1) This information is derived from the most recently published audited annual accounts.
(2) The secured non-current loans issued are the previously issued Initial Notes and Initial First New Notes which were issued by the Issuer on the Initial Closing Date and the Initial First New Closing Date, respectively, the proceeds of which were on-lent to the Borrower as the Initial Issuer/Borrower Loan and the Initial First New Issuer/Borrower Loan, respectively.
(3) Capital and reserves does not include the profit and loss account reserve.
(4) There was no indirect or contingent indebtedness prior to the Further First New Closing Date.

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 LP1), a short form limited partnership agreement dated 12 December 2008 (in the case of LP10), a short form limited partnership agreement dated 5 December 2006 (in the case of LPFV), a short form limited partnership agreement dated 18 November 2009 (in the case of LP11), a short form limited partnership agreement dated 22 September 2010 (in the case of LP12) and a short form limited partnership agreement dated 1 April 2011 (in the case of LPNS) (each, a **Partnership Deed** and together with the Management Limited Partnership Partnership Deeds, the **Partnership Deeds**).

LP1 was registered and commenced on 21 July 2006, LP10 was registered and commenced on 8 October 2008, LPFV was registered and commenced on 15 December 2006, LP11 was registered and commenced on 18 November 2009, LP12 was registered and commenced on 22 September 2010 and LPNS was registered and commenced on 6 April 2011. The Partnership Deeds for each of LP1, LP10, LP11 and LP12 were amended and restated on 7 November 2006, 12 December 2008, 21 December 2009 and 22 October 2010 respectively.

LP1, LP10, LP11 and LP12 (each, a **USAF LP**) each have three limited partners, being the UNITE Limited Partner, Sanne Trustee Services Limited) (acting in its capacity as trustee of USAF (the **USAF Jersey Trustee**)) and Michael James Wills Farrow (acting in his capacity as trustee of the UNITE Discretionary Trust (the **DT Trustee**)).

LPFV has two limited partners, being Zedra Trustees (Isle of Man) Limited (which replaced Barclays Wealth Trustees (Isle of Man) Limited) and Island Nominees Limited (as joint managing trustees of Filbert Street Student Accommodation Unit Trust) and the UNITE Discretionary Trust, and GPFV acts as its general partner.

LPNS has one limited partner, being Sanne Trustee Services Limited (as managing trustee of LDC (Nairn Street) Unit Trust) (the **LPNS Limited Partner**), and LDC (Nairn Street) GP1 Limited and LDC (Nairn Street) GP2 Limited act as its joint general partners.

Summary of the Limited Partnerships' 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.

LPFV

The purpose of LPFV is to carry on the business of an investor and, in particular, to hold, develop, manage and sell property owned or acquired by LPFV and to carry out property investment activities, including development and disposal in relation to property owned or acquired by LPFV. The objective of LPFV 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 LPFV may only be changed by extraordinary resolution of the limited partners of LPFV.

LPNS

The purpose of LPNS is to invest in property and property related investments and to do all other matters determined by GPNS to be ancillary to such purpose. The purpose of LPNS may only be changed with the unanimous consent of all of the partners of the LPNS.

Finance agreements

Each Limited Partnership's 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 Further First New 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 at 31 March 2016 as follows:

USAF No. 1 Limited Partnership
UNITE Limited Partner – £78,901
USAF Jersey Trustee – £710,111
DT Trustee – £277

USAF No.10 Limited Partnership
UNITE Limited Partner – £30,000
USAF Jersey Trustee – £270,000
DT Trustee – £60

Filbert Village Student Accommodation, L.P.
Zedra Trustees (Isle of Man) Limited (which replaced Barclays Wealth Trustees (Isle of Man) Limited) and Island Nominees Limited (IOM Trustees) – £1
GPFV – £1
DT Trustee – £1

USAF No. 11 Limited Partnership
UNITE Limited Partner – £80,000
USAF Jersey Trustee – £720,000
DT Trustee – £160

USAF No. 12 Limited Partnership
UNITE Limited Partner – £499.50
USAF Jersey Trustee – £4,499.50
DT Trustee – £1

LDC (Nairn Street) Limited Partnership
Sanne Trustee Services Limited – £2

The capital of each Limited Partnership may be increased from time to time by such amounts as the relevant General Partner(s) 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 (or, in the case of LPNS only, the LPNS Limited Partner) shall, from time to time, advance to the relevant Limited Partnership, in proportion to their respective capital contributions to the relevant Limited Partnership, such amount as the relevant General Partner(s) of the relevant Limited Partnership 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(s) 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(s) shall determine provided that the Limited Partner(s) 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(s) of its priority distribution out of the income profits of the relevant Limited Partnership being (i) £20,000 per annum for LP1, (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 LP10, (iii) £2,500 per annum for LPFV, (iv) a priority distribution equal to 0.6 per cent. per annum out of the income profits of the partnership available for distribution in each year

for LP11, (v) a priority distribution equal to 0.6 per cent. per annum out of the income profits of the partnership available for distribution in each year for LP12 and (vi) £20,000 per annum for LPNS (split equally between each GPNS).

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 (other than LPNS where distributions are made by GPNS at such times and in such amounts as GPNS determines (having consulted with the Operator)) 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 or Vendor Loan before the third anniversary of Initial Closing Date (in the case of LP1), the third anniversary of the Initial First New Closing Date (in the case of LP11) or the third anniversary of 26 November 2010 (in the case of LP12).

LPFV

Proceeds from a sale or other disposal by LPFV of any permitted investment shall, 30 days from the date of such disposal, be distributed by the operator on behalf of LPFV as follows:

(a) first, prepaying or repaying any bank borrowings of LPFV 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 LPFV 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 LPFV to make any distribution (i) that would render LPFV insolvent or unable to pay its expenses within the following six month period (having regard to the expected receipts of LPFV set out in the current cash flow statement of LPFV); (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 LPFV in breach of any financing or any other agreement; or (iv) unless there is sufficient cash available for that distribution to be made.

LPNS

All profits of LPNS shall be distributed as follows:

(a) first, paying or making the appropriate provision or reserve for all costs, expenses and working capital requirements of LPNS;

(b) second, paying each GPNS its entitlement; and

(c) 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.

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 Operator is not a partner in the Limited Partnerships and will not be entitled to any share in the profits, nor be liable for any losses, of the Limited Partnerships.

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.

LPFV

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 LPFV without the prior written consent of the limited partners.

LPNS

No limited partner can transfer the whole or part of their units without the consent of GPNS and no limited partner shall be able to retire without the consent of GPNS.

Neither of the GPNS may assign or transfer its interest in LPNS without the consent of the limited partners and the remaining general partner.

Terms of the partnerships

Pursuant to the Limited Partnerships' 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 Original General Partners have agreed, and the New 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 (other than GP11) is The Core, 40 St. Thomas Street, Bristol BS1 6JX and the registered office of GP11 is The Core, 40 St. Thomas Street, Bristol BS1 6JZ.

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
USAF GP No. 11 Limited	13 November 2009	07075210
USAF GP No. 12 Limited	8 September 2010	07368735
LDC (Nairn Street) GP1 Limited	28 March 2011	07580262
LDC (Nairn Street) GP2 Limited	28 March 2011	07580257

Principal activities

The principal objects of each General Partner are to carry on business as a general partner of any Limited Partnership.

Ownership

The issued share capital of each General Partner is one ordinary share of £1 each held by Obligor HoldCo which is owned by USAF in which UNITE has a minority interest but is not part of the UNITE Group or, in the case of GPFV, GP10 or, in the case of GPNS, GP12.

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 GPFV, 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 GP1 and GP10) under the Intra-Group Agreement.

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 (apart from Nominee 11 and Nominee 11A) is The Core, 40 St. Thomas Street, Bristol BS1 6JX and the registered office of Nominee 11 and Nominee 11A is The Core, 40 St. Thomas Street, Bristol BS1 6JZ. 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	3 October 2008	06714615
USAF Nominee No. 11 Limited	13 November 2009	07075251
USAF Nominee No. 11A Limited	13 November 2009	07075213
USAF Nominee No. 12 Limited	8 September 2010	07368733
USAF Nominee No. 12A Limited	8 September 2010	07368755

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 Intra-Group Loans.

THE MANAGEMENT COMPANIES

The Management Companies are UML, as appointed by LP1, UM10L, as appointed by both LP10 and LPFV, UM11L and UM11MLP as appointed by LP11, UM12L as appointed by LP12 and NSMLP as appointed by LPNS.

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.

Each of UML, UM10L, UM11L, UM11MGP and UM12L is wholly owned by LDC (Holdings) plc and indirectly by UNITE. NSMGP is a wholly owned subsidiary of LDC (Nairn Street) Holdings Limited, which is owned by LDC (Holdings) plc. 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:

- 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).

UM11L

Introduction

UM11L was incorporated in England and Wales on 20 November 2009 (with registered number 07082782) as a private company with limited liability under the Companies Act 2006 (as amended). The registered office of UM11L is The Core, 40 St. Thomas Street, Bristol BS1 6JZ.

UM11L is wholly owned by LDC (Holdings) plc and indirectly by UNITE. See "*Corporate Structure Diagram of the Obligors*".

Principal activities

The principal activities of UM11L are to carry on business as a general commercial company.

Directors and secretary

The directors and secretary of UM11L are:

- Mark Christopher Allan (director);
- Nicholas Guy Richards (director);
- Joseph Julian Lister (director); and
- Christopher Robert Szpojnarowicz (director and secretary).

UM11MLP

Introduction

UM11MLP was established in England and Wales on 6 September 2010 (with registered number LP014086) as a limited partnership under the Limited Partnerships Act 1907 (as amended). The principal place of business of UM11MLP is The Core, 40 St. Thomas Street, Bristol BS1 6JX.

The limited partners of UM11MLP are Sanne Trustee Services Limited (acting in its capacity as trustee of USAF) (90 per cent.) and the UNITE Limited Partner (10 per cent.) and the general partner is UM11MGP.

Summary of the UM11MLP Partnership Deed

Purpose

The purpose of UM11MLP is to invest in property and property-related investments and to do all other matters determined by the general partner of UM11MLP to be ancillary to such investment.

Finance agreements

The UM11MLP partnership deed contains a provision that no partner shall act in a manner that renders it or any other partner of UM11MLP in breach of any financing agreement entered into by UM11MLP.

Partnership Interests

The capital contributions made by the limited partner of UM11MLP are as follows (as at 31 March 2016):

USAF Jersey Trustee – £90

UNITE Limited Partner – £10

The capital of UM11MLP may be increased from time to time by such amounts as the general partner may determine, provided that no limited partner 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, *pro rata* to their existing capital contributions unless they agree otherwise.

The general partner of UM11MLP may at any time direct the Operator to invite any limited partner to advance, by way of loan, to UM11MLP such amounts as the general partner shall determine provided that the limited partner of UM11MLP shall make any such loans *pro rata* to their existing capital contributions unless they otherwise agree.

Profits and distributions

The limited partners of UM11MLP are entitled to share in the profits of the partnership in direct proportion to their capital contributions from time to time, after payment to the general partner of its priority distribution out of the income profits of UM11MLP being a priority distribution equal to 0.5 per cent. per annum out of the income profits of UM11MLP available for distribution in each year.

Management and operation

UM11MLP has appointed Mazars Corporate Finance Limited as operator to operate the partnership and its assets, in accordance with the terms of its Operating Agreement and as described below.

The Operator is not a partner in the limited partnership and will not be entitled to any share in the profits, nor be liable for any losses, of the limited partnership.

In addition, the 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 Operating Agreement.

UM11MLP's day-to-day business is delegated to the general partner and the relevant property manager.

Transfer of partnership interests

The relevant general partner may not assign or transfer its interest in UM11MLP without the prior written consent of the limited partners.

Term of the partnership

UM11MLP shall continue until such date as its limited partners and the general partner shall unanimously agree.

UM12L

Introduction

UM12L was incorporated in England and Wales on 3 September 2010 (with registered number 07365681) as a private company with limited liability under the Companies Act 2006 (as amended). The registered office of UM12L is The Core, 40 St. Thomas Street, Bristol BS1 6JX.

UM12L is wholly owned by LDC (Holdings) plc and indirectly by UNITE. See "*Corporate Structure Diagram of the Obligors*".

Principal activities

The principal activities of UM12L are to carry on business as a general commercial company.

Directors and secretary

The directors and secretary of UM12L are:

- Nicholas Guy Richards (director);
- Joseph Julian Lister (director); and
- Christopher Robert Szpojnarowicz (director and secretary).

NSMLP

Introduction

NSMLP was established in England and Wales on 24 October 2011 (with registered number LP014719) as a limited partnership under the Limited Partnerships Act 1907 (as amended). The principal place of business of NSMLP is The Core, 40 St. Thomas Street, Bristol BS1 6JX. The Limited Partner of NSMLP is LDC (Nairn Street) Unit Trust (the units in which are owned by LP12 (98.92 per cent.) and USAF Holdings G Limited (1.08 per cent.)) which is owned by the Obligor HoldCo and the general partners are LDC (Nairn Street) GP3 Limited and LDC (Nairn Street) GP4 Ltd.

Summary of the NSMLP Partnership Deed

Purpose

The purpose of NSMLP is to invest in property and property-related investments and to do all other matters determined by its general partners to be ancillary to such investment.

Finance agreements

The NSMLP partnership deed contains a provision that no partner shall act in a manner that renders it or any other partner of NSMLP in breach of any financing agreement entered into by NSMLP.

Partnership Interests

The capital contributions made by the limited partner of NSMLP are as follows (as at 31 March 2016):

Sanne Trustee Services Limited (as trustee of the Nairn Street Unit Trust) – £2

The capital of NSMLP may be increased from time to time by such amounts as the general partners may determine, provided that no limited partner 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 partner(s) (and if more than one, *pro rata* to their existing capital contributions unless they agree otherwise).

The general partners may at any time direct the Operator to invite any limited partner to advance, by way of loan, to NSMLP such amounts as the general partners shall determine provided that if there is more than one limited partner of NSMLP, the limited partners of NSMLP shall make any such loans *pro rata* to their existing capital contributions unless they otherwise agree.

Profits and distributions

The limited partners of NSMLP (if more than one) are entitled to share in the profits of the partnership in direct proportion to their capital contributions from time to time, after payment to the general partner of its priority distribution out of the income profits of NSMLP being a priority distribution equal to 0.5 per cent, per annum out of the income profits of NSMLP available for distribution in each year.

Management and operation

NSMLP has appointed Mazars Corporate Finance Limited as operator to operate the partnership and its assets, in accordance with the terms of its Operating Agreement and as described below.

The Operator is not a partner in the limited partnership and will not be entitled to any share in the profits, nor be liable for any losses, of the limited partnership.

In addition, the 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 Operating Agreement.

NSMLP's day-to-day business is delegated to the general partners and the relevant property manager.

Transfer of partnership interests

The general partners may not assign or transfer their interest in NSMLP without the prior written consent of the limited partner.

Term of the partnership

NSMLP shall continue until such date as the limited partner and the general partners shall unanimously agree.

THE OBLIGOR HOLDCO

General

USAF Holdings Limited is a limited liability company incorporated in England and Wales on 7 July 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 Intra-Group Loans.

THE OTHER UNITE GROUP COMPANIES

THE UNITE LIMITED PARTNER

General

UNITE Limited Partner 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 LP1, LP10, LP11, LP12 and UM11MLP.

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).

Capitalisation and indebtedness

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 £110,941,950 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 Katharine's Way, London E1W 1DD. The Operator is authorised and regulated by the FCA.

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 GP1 (for itself and on behalf of LP1), the operating agreement dated 12 December 2008 between the Operator and GP10 (for itself and on behalf of LP10), the operating agreement dated 24 July 2009 between the Operator and GPFV (for itself and on behalf of LPFV), the operating agreement dated 21 December 2009 between the Operator and GP11 (for itself and on behalf of LP11), the operating agreement dated 22 October 2010 between the Operator and GP12 (for itself and on behalf of LP12), the operating agreement dated 15 April 2011 between the Operator and GPNS (for itself and on behalf of LPNS), the operating agreement dated 7 September 2010 between the Operator and UM11MGP (for itself and on behalf of UM11MLP) and the operating agreement dated 31 October 2011 between the Operator and NSMGP (for itself and on behalf of NSMLP) (the **Operating Agreements**) to operate the Limited Partnerships, including its operation for the purposes of the FSMA, and has or will enter into the arrangements contemplated by the Existing Prospectuses and this Prospectus in its capacity as operator of the Limited Partnerships.

The Operator's Scope of Permission Notice from the FCA 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 Katharine's Way, London E1W 1DD.

Appointment as operator of the Limited Partnerships

The Operator has been appointed by each Limited Partnership and each Management 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 and the Management Limited Partnerships has been delegated to the General Partners and the Management General Partners, respectively, except in relation to regulated operation of the Limited Partnerships and the Management Limited Partnerships, respectively, 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 world's largest banking and financial services organisations, with around 6,000 offices in 71 countries and territories in Europe, Asia, Middle East, North Africa, North America and Latin America. Its total assets at 31 December 2015 were U.S.$2,410 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 and A-1+ by S&P and HSBC Bank plc has a short term issuer default rating of F1+ from Fitch. The long term senior unsecured and unguaranteed obligations of HSBC Bank plc are rated Aa2 by Moody's and AA- by S&P and HSBC Bank plc has a long term issuer default rating of AA- from Fitch.

HSBC Bank plc 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 5 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 5 paragraphs. Except for the preceding 5 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.

USE OF PROCEEDS

The total gross proceeds of the issue of the Further First New Notes will be £137,577,500.

On the Further First New Closing Date, the Issuer will apply the aggregate gross proceeds from the issue of the Further First New Notes (less the fees payable to the Lead Arranger and the Bookrunner) to make an advance to the Borrower of the Further First New Issuer/Borrower Loan under the Issuer/Borrower Facilities Agreement.

The Borrower will apply the proceeds of the Further First New Issuer/Borrower Loan towards making a loan to LP1 pursuant to the Intra-Group Agreement. LP1 will, in turn, (i) use part of the proceeds of such loan to prepay the RCF Loans in full (and pay accrued interest and any related break costs) (and will also cancel all of the available commitment under the Revolving Credit Facility, so that the Original Limited Partnerships will not be able to make any further drawings of RCF Loans under the Revolving Credit Facility Agreement, unless and until a replacement revolving credit facility agreement is entered into) and (ii) use the balance of the proceeds of such loan to on-lend to LP6 and LP8.

TERMS AND CONDITIONS OF THE FURTHER FIRST NEW NOTES

*The following are the terms and conditions of both the Initial First New Notes (from the Further First New Closing Date) and the Further First New Notes (the **First New Conditions**) in the form (subject to amendment) in which they will be set out in the Second Supplemental Note Trust Deed (as defined below). The terms and conditions set out below will apply to both the Initial First New Notes in global form (from the Further First New Closing Date) and the Further First New Notes in global form. The Issuer has previously issued the Initial Notes (as defined below) on the terms and conditions set out in Schedule 2 to the Original Note Trust Deed (the **Initial Conditions** and together with the First New Conditions and any New Conditions (as defined below), the **Conditions**) and the Initial First New Notes on the terms and conditions set out in the First Supplemental Note Trust Deed (which will be amended on the Further First New Closing Date pursuant to the Second Supplemental Note Trust Deed so that they are replaced by the First New Conditions set out therein). The Further First New Notes will form a single class with the Initial First New Notes and rank pro rata and pari passu with all of the Existing Notes from the Further First New Closing Date and will be consolidated, form a single series and be interchangeable for trading purposes with the Initial First New Notes from the Exchange Date (the Initial First New Notes and the Further First New Notes together, the **First New Notes**).*

The £380,000,000 3.374 per cent. Commercial Mortgage Backed Notes due 30 June 2028 (the **Initial Notes**) and the £185,000,000 3.921 per cent. Commercial Mortgage Backed Notes due 30 June 2030 (the **Initial First New Notes** and together with the Initial Notes, the **Existing Notes**) and the £125,000,000 3.921 per cent. Commercial Mortgage Backed Notes due 30 June 2030 (the **Further First New Notes** and together with the Initial First New Notes, the **First New Notes**) of UNITE (USAF) II plc (the **Issuer**) are constituted by a trust deed (the **Original Note Trust Deed**) dated 18 June 2013 (the **Initial Closing Date**), a supplemental deed thereto (the **First Supplemental Note Trust Deed**) dated 19 November 2013 (the **Initial First New Closing Date**) and a further supplemental deed thereto (the **Second Supplemental Note Trust Deed**) dated 18 May 2016 (the **Further First New Closing Date**), respectively, and each 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 acting as 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 (**First New Conditions**) to the **Note Trust Deed** shall be a reference to the Original Note Trust Deed, as supplemented and amended by the First Supplemental Note Trust Deed and as further supplemented and amended by the Second Supplemental Note Trust Deed (and as further supplemented, modified, amended, restated, novated and/or replaced from time to time).

Any reference in these First New 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**). Any reference in these First New Conditions to **Existing Noteholders** shall be a reference to holders of the Existing Notes and a reference to **Existing Couponholders** shall be a reference to the holders of the interest coupons in respect of the Existing Notes. Any reference in these First New Conditions to **Initial First New Noteholders** shall be a reference to holders of the Initial First New Notes. Any reference in these First New Conditions to **Further First New Noteholders** shall be a reference to holders of the Further First New Notes. Any reference in these First New Conditions to **First New Noteholders** shall be a reference to holders of the First New Notes and a reference to **First New Couponholders** shall be a reference to the holders of the interest coupons in respect of the First New Notes (**First New Coupons**).

The expression **First New Notes** shall, in these First New 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 First New Notes and the expression **First New Notes** shall be construed accordingly and the expression **Notes** shall, unless the context otherwise requires, include the Initial Notes, the First New Notes, any Further Notes issued pursuant to Condition 15.1 (*Further Notes*) of the Initial Notes and forming a single class with the Initial Notes and/or any Further Notes (as defined below) issued pursuant to Condition 15.1 (*Further Notes*) and forming a single class with the First New Notes and any Replacement Notes or New Notes (both as defined in Condition 15.2 (*Replacement Notes*) and Condition 15.3 (*New Notes*) of the Initial Notes and as defined below) issued pursuant to Condition 15.2 (*Replacement Notes*) or, as the case may be, Condition 15.3 (*New Notes*) of the Initial Notes and/or Condition 15.2 (*Replacement Notes*) or, as the case may be, Condition 15.3 (*New Notes*).

The proceeds of the Initial Notes and the Initial First New Notes were on-lent by the Issuer to the Borrower on the Initial Closing Date and the Initial First New Closing Date, respectively, and the proceeds of the Further First New Notes and any Notes that are issued after the Further First New Closing Date will be on-lent by the Issuer to the Borrower on the Further First New Closing Date or such later Closing Date, respectively, pursuant to a facilities agreement dated on or around the Initial Closing Date (as supplemented, modified, amended, restated, novated and/or replaced from time to time, including on the Initial First New Closing Date, the **Issuer/Borrower Facilities Agreement** and the facilities provided by the Issuer to the Borrower thereunder on the Initial Closing Date and the Initial First New Closing Date and to be provided by the Issuer to the Borrower thereunder on the Further First New Closing Date and each such later Closing Date, the **Initial Issuer/Borrower Facility**, the **Initial First New Issuer/Borrower Facility**, the **Further First New Issuer/Borrower Facility** and a **Further Issuer/Borrower Facility**, respectively, and the loans made thereunder, the **Initial Issuer/Borrower Loan**, the **Initial First New Issuer/Borrower Loan**, the **Further First New Issuer/Borrower Loan** and a **Further Issuer/Borrower Loan**, respectively).

The Further First New Issuer/Borrower Loan will be deemed, read and construed as a single loan with the Initial First New Issuer/Borrower Loan from the Further First New Closing Date (the Further First New Issuer/Borrower Loan and the Initial First New Issuer/Borrower Loan together, the **First New Issuer/Borrower Loan**). Any Further Issuer/Borrower Loan corresponding to any Further Notes (as defined below or in the Initial Conditions or in the terms and conditions of any Replacement Notes or New Notes (as defined below) issued after the Further First New Closing Date (the **New Conditions**)) will be deemed, read and construed as a single loan with the Issuer/Borrower Loan corresponding to the Notes to which such Further Notes will form a single class from the Closing Date for such Further Notes.

The security for the Notes is constituted by a deed of charge (as supplemented, modified, amended, restated, novated and/or replaced from time to time, including on the Initial First New Closing Date, the **Issuer Deed of Charge**) dated on or around the Initial 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 acting as the security trustee or security trustees under the Issuer Deed of Charge including all successors and assigns).

Pursuant to a paying agency agreement (as supplemented, modified, amended, restated, novated and/or replaced from time to time, including on the Initial First New Closing Date and the Further First New Closing Date, the **Agency Agreement**) dated the Initial 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 the lender of the Issuer/Borrower Loans and an Obligor Secured Creditor) has, on or about the Initial Closing Date, entered into a common terms agreement (as supplemented, modified, amended, restated, novated and/or replaced from time to time, including on the Initial First New Closing Date, the **Common Terms Agreement** or the **CTA**) and a security trust and intercreditor deed (as supplemented, modified, amended, restated, novated and/or replaced from time to time, including on the Initial First New Closing Date, the **Security Trust and Intercreditor Deed** or the **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 acting as 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 First New 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 (as supplemented, modified, amended, restated, novated and/or replaced from time to time, including on the Initial First New Closing Date, the **Master Definitions Agreement** or the **MDA**) entered into by, among others, the Issuer, the Borrower, the Note Trustee, the Issuer Security Trustee and the Obligor Security Trustee on or about the Initial Closing Date.

Copies of the Note Trust Deed, the Issuer Deed of Charge, the Agency Agreement, the CTA, the STID, the MDA and the other Issuer Transaction Documents are available for inspection by the First New Noteholders during normal business hours at the specified office for the time being of each of the Paying Agents. The First New 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 First New Conditions shall bear the meanings given to them in the MDA available as described above. These First New Conditions shall be construed in accordance with the principles of construction set out in the MDA available as described above.

1. FORM, DENOMINATION AND TITLE

1.1 The Initial First New Notes were initially offered and sold outside the United States to non-U.S. persons pursuant to Regulation S under the United States Securities Act of 1933 (as amended) (the **Securities Act**) and were initially represented by a temporary global note (the **Initial First New Temporary Global Note**) in bearer form in the aggregate principal amount on issue of £185,000,000. The Initial First New Temporary Global Note was deposited on behalf of the subscribers of the Initial First New 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 Initial First New Closing Date. Upon deposit of the Initial First New Temporary Global Note, the Clearing Systems credited each subscriber of Initial First New Notes with the principal amount of Initial First New Notes equal to the aggregate principal amount thereof for which it had subscribed and paid. Interests in the Initial First New Temporary Global Note were exchangeable on and after the date which is 40 days after the Initial First New Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Initial First New Noteholder, for interests recorded in the records of the Clearing Systems in a permanent global note (the **Initial First New Permanent Global Note**) representing the First New Notes (the expressions **Initial First New Global Notes** and **Initial First New Global Note** meaning the Initial First New Temporary Global Note and the Initial First New Permanent Global Note together or individually, respectively). The Initial First New Permanent Global Note was also deposited

with the Common Depositary for the Clearing Systems. Title to the Initial First New Global Notes passes by delivery.

1.2 The Further First New Notes are initially offered and sold outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act and are initially represented by a temporary global note (the **Further First New Temporary Global Note**) in bearer form in the aggregate principal amount on issue of £125,000,000. The Further First New Temporary Global Note has been deposited on behalf of the subscribers of the Further First New Notes with the Common Depositary for the Clearing Systems on the Further First New Closing Date. Upon deposit of the Further First New Temporary Global Note, the Clearing Systems credited each subscriber of Further First New Notes with the principal amount of Further First New Notes equal to the aggregate principal amount thereof for which it had subscribed and paid.

1.3 Interests in the Further First New Temporary Global Note are exchangeable on and after the date which is 40 days after the Further First New Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Further First New Noteholder, for interests recorded in the records of the Clearing Systems in a permanent global note (the **Further First New Permanent Global Note**) representing the Further First New Notes (the expressions **Further First New Global Notes** and **Further First New Global Note** meaning the Further First New Temporary Global Note and the Further First New Permanent Global Note together or individually, respectively). Title to the Further First New Global Notes will pass by delivery.

The expression **First New Global Notes** means the Initial First New Global Notes together with the Further First New Global Notes.

The Further First New Notes shall form a single class with the Initial First New Notes and rank *pro rata* and *pari passu* with all of the Existing Notes from the Further First New Closing Date and shall be consolidated, form a single series and be interchangeable for trading purposes with the Initial First New Notes, upon exchange of the Further First New Temporary Global Note for the Further First New Permanent Global Note. Interests in a Further First New Global Note are and will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

For so long as the First New Notes are represented by a First New Global Note and the Clearing Systems so permit, the First New Notes will be tradable only in the minimum authorised denomination of £100,000 and higher integral multiples of £1,000, notwithstanding that no First New 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 First New 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.

1.4 If, while any of the First New Notes are represented by the Initial First New Permanent Global Note or the Further First New Permanent Global Note (as applicable) (together, the **First New Permanent Global Notes**), (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 Initial First New 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 First New Notes which would not be required were such First New Notes in definitive form, then the Issuer will issue First New Notes in definitive bearer form (**First New Definitive Notes**) in exchange for the relevant First New Permanent Global Note (free of charge to the persons entitled to them) within 30 days of the occurrence of the relevant event. These First New 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 First New Definitive Notes. A First New Permanent Global Note will not be exchangeable for First New Definitive Notes in any other circumstances.

1.5 First New 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 First New Definitive Notes will be issued with a denomination above £199,000. Such First New Notes will be serially numbered and will be issued in bearer form with (at the date of issue) First New Coupons and, if necessary, talons attached. Title to the First New Definitive Notes shall pass by delivery.

1.6 **First New 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 First New Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of the First New 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 First New 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 First New Global Note in accordance with and subject to its terms and for which purpose First New Noteholders means the bearer of the relevant First New 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 First New Notes constitute direct, secured, unsubordinated and, subject as provided in Condition 10 (*Enforcement*), unconditional obligations of the Issuer. The First New Notes rank *pari passu* without preference or priority amongst themselves and with the other Notes (as at the date hereof being the Initial Notes only and from time to time including any Further Notes issued pursuant to Condition 15.1 (*Further Notes*) of the Initial Notes and forming a single class with the Initial Notes and/or any Further Notes (as defined below) issued pursuant to Condition 15.1 (*Further Notes*) and forming a single class with the First New Notes and any Replacement Notes or New Notes (both as defined in Condition 15.2 (*Replacement Notes*) and Condition 15.3 (*New Notes*) of the Initial Notes and as defined below) issued pursuant to Condition 15.2 (*Replacement Notes*) or, as the case may be, Condition 15.3 (*New Notes*) of the Initial Notes and/or Condition 15.2 (*Replacement Notes*) or, as the case may be, Condition 15.3 (*New Notes*).

(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 First New 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 (either as defined in Condition 15.1 (*Further Notes*) of the Initial Notes and forming a single class with the Initial Notes or as defined in Condition 15.1 (*Further Notes*) below), Replacement Notes (either as defined in Condition 15.2 (*Replacement Notes*) of the Initial Notes or as defined in Condition 15.2 (*Replacement Notes*) below or New Notes (either as defined in Condition 15.3 (*New Notes*) of the Initial Notes or as defined in Condition 15.3 (*New Notes*) below), the provisions of the 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 such 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 First New Noteholders*) and file a new prospectus in respect of the issue of such 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 and pursuant to the Issuer Deed of Charge was granted on the Initial Closing Date and the Initial First New Closing Date (as applicable) 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 share in the benefit of the security constituted by and pursuant to the Issuer Deed of Charge, upon and subject to the terms and conditions of the Issuer Deed of Charge.

(c) The security constituted by and pursuant to the Obligor Deed of Charge and the other Obligor Security Documents was granted on the Initial Closing Date (in the case of the Original Obligors) and the Initial First New Closing Date (in the case of the New Obligors) 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 share in the benefit of the security constituted by and pursuant to 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 as 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 above, 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 First New 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; or

(l) **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 First New 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**: 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 First New 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 First New Note (or, in the case of the redemption of part only of a First New Note, that part only of such First New 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 First New 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 First New Notes bear interest on their respective Principal Amount Outstanding from (and including):

(a) in respect of the Initial First New Notes, the Initial First New Closing Date; and

(b) in respect of the Further First New Notes, 31 March 2016 (the **Interest Accrual Date**),

at the rate of 3.921 per cent. per annum (the **Interest Rate**), payable quarterly in arrears 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 in respect of the Initial First New Notes was due on the Interest Payment Date falling on 31 December 2013 and the first payment in respect of the Further First New Notes shall be due on the Interest Payment Date falling on 30 June 2016. The period from (and including):

(a) the Initial First New Closing Date, in respect of the Initial First New Notes; and

(b) the Interest Accrual Date, in respect of the Further First New Notes,

to (but excluding) the relevant 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 First New Notes shall be calculated by applying the relevant rate of interest to the aggregate Principal Amount Outstanding of the First New 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 First New Notes

Payments in respect of principal, premium (if any) and interest in respect of any First New Global Note will be made only against presentation of such First New Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the First New Noteholders in accordance with Condition 14 (*Notice to First New Noteholders*) for such purpose, subject, in the case of the Initial First New Temporary Global Note and the Further First New Temporary Global Note, to certification of non-U.S. beneficial ownership as provided in the Initial First New Temporary Global Note and the Further First New Temporary Global Note, respectively.

A record of each payment of principal, premium or interest made in respect of a First New Global Note will be made on the relevant First New 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 First New Note shall have any claim directly against the Issuer in respect of payments due on such First New Note whilst such First New Note is represented by a First New Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant First New 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 First New 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 First New 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 First New 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 First New 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; and

(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.

Notice of any termination or appointment and of any changes in specified offices will be given to the First New Noteholders promptly by the Issuer in accordance with Condition 14 (*Notice to First New 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 First New Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling on 30 June 2030 (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 2025 (the **Expected Maturity Date**), to the extent that the Issuer has received repayment of the First New Issuer/Borrower Loan on or prior to 30 June 2025 (the **First New Loan Final Maturity Date**) (in accordance with the Issuer/Borrower Facilities Agreement) of a principal amount that equals the Principal Amount Outstanding of the First New Notes, redeem the First New Notes in full on such date at their Principal Amount Outstanding together with accrued but unpaid interest thereon to such date (without any premium); and

(b) on the Expected Maturity Date and on each Interest Payment Date thereafter that the First New Notes remain outstanding until the earlier of (a) such time as the First New Notes are redeemed in full or (b) the Final Maturity Date, to the extent that the Issuer has received repayment in part of the First New 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 First New Notes on the Expected Maturity Date redeem the First New 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 Initial First New 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 First New Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of the First New 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 Initial First New 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 First New 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 First New Notes and as lender of the First New Issuer/Borrower Loan 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 First New 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 6.3(a)(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 First New 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 First New Noteholders in accordance with Condition 14 (*Notice to First New Noteholders*) and to the Note Trustee (copied to the Rating Agencies), redeem all, but not some only, of the First New 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 First New 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 First New Noteholders, the Note Trustee and on the other Issuer Secured Creditors.

6.4 **Redemption upon repayment or prepayment of the First New Issuer/Borrower Loan**

(a) If the Borrower gives notice to the Issuer that it will prepay the whole or part of the First New 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 the 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;

(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;

(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 the 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 Acceleration Notice using amounts standing to the credit of the Disposal Proceeds Account, the Lock-Up Account and/or the Cure Deposit Account,

(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 First New Noteholders in accordance with Condition 14 (*Notice to First New Noteholders*) and to the Note Trustee (copied to the Rating Agencies) and upon receipt of such prepayment from the Borrower redeem the First New 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 First New Notes prior to their Expected Maturity Date as a result of paragraphs (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 First New 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 (a)(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 (*Redemption upon repayment or prepayment of the First New Issuer/Borrower Loan*); **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); and **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 First New 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 First New Notes on or following their Expected Maturity Date or as a result of paragraphs (a)(ii)(B), (a)(ii)(C), (a)(iii) and (a)(iv) above, 100 per cent.

(b) The First New 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 First New Noteholders in accordance with Condition 14 (*Notice to First New Noteholders*) and redeem the First New 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 First New 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 First New 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 First New 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 First New Noteholders in accordance with Condition 14 (*Notice to First New Noteholders*) and redeem all, but not some only, of the First New 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 First New 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 First New Issuer/Borrower Loan*) made in respect of such First New Note which have previously been paid in respect of such First New Note since the Initial First New 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 First New Issuer/Borrower Loan*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant First New 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 First New Note. Any First New 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 First New Notes.

6.8 **Cancellation**

All First New 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 First New Issuer/Borrower Loan*) and any First New 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 First New 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 the First New Noteholders in respect of such withholding or deduction.

Payments by the Issuer in respect of the First New 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, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

8. PRESCRIPTION

Claims in respect of principal and interest on the First New 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 First New Noteholders in accordance with Condition 14 (*Notice to First New 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 paragraphs (b) to (f) below, 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 9.3 (*Restriction*):

(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 the 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 (*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 provides 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 further provides 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 First New 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 First New 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 First New 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 First New Notes (including payments of principal, premium (if any) and interest),

then the First New 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 First New 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 USAF 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 or any class or classes thereof to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Conditions or the provisions of any of the Issuer Transaction Documents.

11.3 An Extraordinary Resolution passed at any meeting of the Noteholders or any class or classes thereof shall be binding on the Noteholders of that class or classes respectively irrespective of the effect upon them. Notice of the result of the voting on any resolution duly considered by the Noteholders or any class or classes thereof shall be published in accordance with Condition 14 (*Notice to First New 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 First New 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 First New Notes;

(c) altering the method of calculating the amount of any payment in respect of the First New 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) altering the currency of payment of such First New Notes;

(f) altering the priority of payment of interest, principal or premium (if any) in respect of the First New Notes or any of them;

(g) altering the quorum or majority required in relation to this exception; or

(h) sanctioning any scheme or proposal for the exchange or sale of the First New Notes and/or First New Coupons for or the conversion of the First New Notes and/or First New Coupons into or the cancellation of the First New 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; and

(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, subject to any Issuer Secured Creditor Entrenched Rights or the provisions of the STID as provided below, without the consent or sanction of the Noteholders and/or the Couponholders of any class or any of the other Issuer Secured Creditors (other than any Issuer Secured Creditor which is a party to the relevant 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)), at any time and from time to time, concur with the Issuer or any other person, or direct the Issuer Security Trustee to concur with the Issuer or any other person, in making any modification to:

(a) (other than a Basic Terms Modification) the Notes and/or the Coupons, the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or any other Issuer Transaction Document (subject as provided in the STID in relation to any Issuer Transaction Documents which are Common Documents, the Tax Deed of Covenant or the Liquidity Facilities Agreement) 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 give its consent to any event, matter or thing or direct the Issuer Security Trustee to do so, if (i) in the opinion of the Note Trustee it is proper to make or give, provided that the Note Trustee is of the opinion that such modification or consent will not be materially prejudicial to the interests of all classes of the Noteholders and/or the Couponholders and (ii) 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 such conditions are satisfied; and

(b) the Notes and/or the 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 Issuer Transaction Documents which are Common Documents, the Tax Deed of Covenant or the Liquidity Facilities Agreement), 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 the opinion of the Note Trustee such modification is 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 approval or consent to such modification or consent in accordance with the provisions of the Issuer Deed of Charge or, where any Noteholders are affected Issuer Secured Creditors, the Noteholders of each class affected thereby have approved or consented to such modification or consent in accordance with the provisions of the Note Trust Deed.

11.7 The Note Trustee may, subject to any Issuer Secured Creditor Entrenched Rights as provided below, in its sole discretion, without the consent or sanction of the Noteholders and/or the 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 Conditions, the Note Trust Deed 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 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 and provided further that to the extent such waiver, authorisation or direction relates to an Issuer Secured Creditor Entrenched Right, each of the affected Issuer Secured Creditors have given their approval or consent in writing in accordance with the provisions of the Issuer Deed of Charge or, where any Noteholders are affected Issuer Secured Creditors, the Noteholders of each class affected thereby have approved or consented to such waiver, authorisation or direction in accordance with the provisions of the Note Trust Deed.

11.8 The Note Trustee shall, without the consent or sanction of any of the Noteholders and/or the Couponholders of any class and (subject as provided below) 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 the Coupons, the Conditions, the Note Trust Deed, the Issuer Deed of Charge and/or the other Issuer Transaction Documents or giving its consent to any event, matter or thing 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 Initial Closing Date and which modification(s) or consent(s) 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 provisions of the STID relating to modifications thereto shall apply.

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 Issuer Transaction Documents and/or the Conditions.

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/or the Couponholders and, unless the Note Trustee agrees otherwise, shall be notified by the Issuer to the First New Noteholders and/or First New Couponholders as soon as practicable thereafter in accordance with Condition 14 (*Notice to First New Noteholders*) (copied to the Rating Agencies in the case of any modification).

11.10 **Substitution**

In connection with any such substitution of the Issuer as principal debtor under the Notes as 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 and/or the Couponholders to a change of the law governing the Notes and/or the Coupons 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/or the Couponholders 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 Schedule 4 of 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 Schedule 3 of 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 the 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 the Conditions, the Note Trust Deed or any of the other Issuer Transaction Documents (including, without limitation, any consent, approval, 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 and/or Coupons 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 and/or Coupons has been downgraded previously, that such exercise or performance will not prevent the restoration of such original rating of such class of Notes and/or Coupons.

Where, in connection with the exercise or performance by it of any right, power, trust, authority, duty or discretion under or in relation to the Conditions, the Note Trust Deed or any of the Issuer Transaction Documents (including, without limitation, 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 the Couponholders of any class, it shall have regard to: (i) the general interests of the Noteholders and/or the 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 the 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 FIRST NEW GLOBAL NOTES

If any First New 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 First New 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 First New Global Note must be surrendered before a new one will be issued.

14. NOTICE TO FIRST NEW NOTEHOLDERS

Any notice shall be deemed to have been duly given to the First New Noteholders if sent to the Clearing Systems for communication by them to the holders of the First New Notes and shall be deemed to be given on the date on which it was so sent and (so long as the relevant First New 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 First New 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 First New 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 First New 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 First New Notes are then admitted to trading and provided that notice of such other method is given to the First New 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 First New 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 First New 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 First New Notes with which they are to be consolidated and form a single class;

(c) the ratings of the First New Notes 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 First New 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 First New Notes then issued are no longer admitted to trading on that exchange, such exchange, if any, on which the First New Notes then issued are then admitted to trading on.

15.2 Replacement Notes

If Condition 11.10 (*Substitution*) is satisfied, the Issuer may, without the consent of the First New Noteholders, issue one or more classes of replacement notes (**Replacement Notes**) to replace the First New Notes or one or more other classes of the Notes, each class of which shall have terms and conditions which may differ from the terms and conditions of the First New Notes or such other class or classes 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 First New Notes or such other class or classes of Notes which it replaces, provided that the First New Notes or the Notes to be replaced are redeemed in full in accordance with Condition 6.4 (*Redemption upon repayment or prepayment of the First New Issuer/Borrower Loan*) or the corresponding Condition of such other class or classes of Notes upon a voluntary prepayment of the First New Issuer/Borrower Loan or such other Issuer/Borrower Loan or Issuer/Borrower Loans corresponding to such other class or classes of Notes 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 First New 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 First New Notes and which may have terms and conditions which differ from the First New Notes and which may have the benefit of a financial guarantee and which do not form a single class with the First New 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 First New Noteholders in accordance with Condition 14 (*Notice to First New Noteholders*) that the conditions described in this Condition 15 (*Further Notes, Replacement Notes and New Notes*) 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) 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 First New Global Notes and these First New 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 First New Global Notes and/or these First New 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 First New Global Notes and/or these First New 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 First New Notes and/or the First New Coupons, these First New 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 FURTHER FIRST NEW NOTES

The Further First New Notes will be in bearer form, with or without interest Coupons attached. Further First New Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

General

The Further First New Notes will be initially issued in the form of the Further First New Temporary Global Note which will be delivered on or prior to the Further First New 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 Further First New Note is represented by the Further First New Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Further First New 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 Further First New 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 Further First New Temporary Global Note is issued, interests in the Further First New Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in the Further First New Permanent Global Note or (ii) First New Definitive Notes with, where applicable, First New 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 First New Definitive Notes. The holder of the Further First New 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 Further First New Temporary Global Note for an interest in the Further First New Permanent Global Note or for First New Definitive Notes is improperly withheld or refused.

The Further First New Notes will form a single class with the Initial First New Notes and rank *pro rata* and *pari passu* with all of the Existing Notes from the Further First New Closing Date and will be consolidated, form a single series and be interchangeable for trading purposes with the Initial First New Notes on the exchange of the Further First New Temporary Global Note for interests in the Further First New Permanent Global Note, which is expected to occur on or about the Exchange Date.

Payments of principal, interest (if any) or any other amounts on the Further First New Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg without any requirement for certification.

A First New Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for First New Definitive Notes with, where applicable, First New 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 Initial First New 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 First New Notes which would not be required were such First New 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 a First New 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 Further First New Notes (other than the Further First New Temporary Global Note) and on all First New Coupons relating to the Further First New 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 Further First New Notes or First New Coupons relating to the Further First New Notes 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 Further First New Notes or First New Coupons relating to the Further First New Notes.

Further First New Notes which are represented by a Further First New 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 First New Global Note is exchanged for First New Definitive Notes, such First New Definitive Notes shall be issued in the specified denomination(s) only. Further First New Noteholders who hold First New 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 First New Notes such that their holding is an integral multiple of a specified denomination.

Further Notes

The Principal Paying Agent shall arrange that, where Further Notes are issued which are intended to form a single class with the First New Notes, such Further 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 (or, as applicable, to be assigned) to the Further First New 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 First New Global Notes

The First New Global Notes will contain provisions that apply to the First New Notes which they represent, some of which modify the effect of the First New Conditions as set out in this Prospectus. The following is a summary of certain of those provisions:

- *Meetings*: The holder of a First New 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 First New 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 First New Notes represented by such person.

- *Cancellation*: Cancellation of any Further First New Note represented by a First New Global Note that is required by the First New Conditions to be cancelled (other than upon its redemption) will be effected by a reduction in the principal amount of the relevant First New Global Note.

- *Notices*: So long as any Further First New Notes are represented by a First New Global Note and such First New Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other relevant Clearing System, notices to the Further First New 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 Further First New Noteholders in substitution for publication as provided in the First New Conditions. Such notices shall be deemed to have been received by the Further First New 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 Further First New 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 First New 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 (as that term is understood for United Kingdom tax purposes) 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 carry a right to interest and the Notes are and 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 carry a right to interest and are and remain so listed, interest on the Notes will be payable without deduction of or withholding on account of United Kingdom tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that have a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to any other available exemptions and reliefs. 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.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, 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 the Commission's Proposal, 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.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

FATCA 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 is in effect 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 2019. 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 after the **grandfathering date**, which is 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 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 on or before the grandfathering date, and Further Notes are issued 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 entered into 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 an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding or deduction being **FATCA Withholding**) from payments it makes. 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 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.

Whilst the Notes are held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Common Depositary or any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes.

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.

SUBSCRIPTION AND SALE

HSBC Bank plc (the **Lead Arranger** and **Bookrunner**) has, pursuant to a subscription agreement in relation to the Further First New Notes dated on or around 13 May 2016 between the Lead Arranger, the Obligors and the Issuer (the **Further First New Subscription Agreement**), agreed, subject to certain conditions, to procure subscribers and failing which itself to subscribe and pay for the Further First New Notes at an issue price of 109.545 per cent. of the initial principal amount thereof (plus 48 days' accrued interest in respect of the period from (and including) 31 March 2016 to (but excluding) 18 May 2016 at a rate of 3.921 per cent. per annum).

The Further First New Subscription Agreement is subject to a number of conditions and may be terminated by the Lead Arranger and the Bookrunner in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Lead Arranger and the Bookrunner against certain liabilities in connection with the offer and sale of the Further First New Notes.

The Lead Arranger and the Bookrunner 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 Lead Arranger and the Bookrunner 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 Lead Arranger and the Bookrunner 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 Lead Arranger and the Bookrunner 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 the Lead Arranger or the Bookrunner may place an order for a portion of the Further First New Notes. In the event that it purchases Further First New Notes, such affiliate may distribute the Further First New Notes to the market as permitted by applicable laws and regulations, but will be under no obligation to do so. The Lead Arranger and the Bookrunner 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 Lead Arranger and the Bookrunner 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 Further First New Notes offered hereby. Any such short positions could adversely affect future trading prices of the Further First New Notes offered hereby. The Lead Arranger and the Bookrunner 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.

United Kingdom

HSBC Bank Plc (as the Lead Arranger and the 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 Further First New 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 Further First New Notes in, from or otherwise involving the United Kingdom.

United States

The Further First New 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 Further First New 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 Further First New Notes will agree that, except as permitted by the Further First New Subscription Agreement, it will not offer, sell or deliver the Further First New 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 Further First New Closing Date (the **Distribution Compliance Period**) 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 Further First New Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Further First New Notes within the United States or to, or for the account or benefit of, U.S. persons.

Each purchaser of the Further First New Notes (which term for the purposes of this section will be deemed to include any interests in the Further First New Notes, including book-entry interests) will be deemed to have represented and agreed as follows:

(a) the Further First New Notes have not been and will not be registered under the Securities Act and such Further First New 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 Further First New Notes prior to the end of the Distribution Compliance Period, then it agrees that it will offer, resell, pledge or transfer such Further First New 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 Further First New Notes for the account or benefit of a U.S. person and who is acquiring the Further First New 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 Further First New Notes such purchaser shall notify each transferee of Further First New Notes (as applicable) from it that (i) such Further First New Notes have not been registered under the Securities Act, (ii) the holder of such Further First New 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 Further First New 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 Lead Arranger, the Bookrunner and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Further First New 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 Further First New 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 U.S. 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 Lead Arranger or the Bookrunner in any jurisdiction which would or is intended to permit a public offering of the Further First New 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 Further First New 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 Further First New 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.

HSBC Bank Plc (as the Lead Arranger and the Bookrunner) has undertaken to the Issuer that it will not, to the best of its knowledge, directly or indirectly, offer or sell any Further First New Notes, or distribute this document or any other material relating to the Further First New 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 Further First New Notes was authorised by a resolution of the board of directors of the Issuer passed on 11 May 2016.

2. It is expected that the admission of the Further First New Notes to the Irish Stock Exchange's Official List and trading on its regulated market will be granted on or about the Further First New Closing Date, subject only to issue of the Further First New Temporary Global Note. The listing of the Further First New Notes will be cancelled if the Further First New 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 Further First New Notes will be accepted for clearance through Euroclear and Clearstream, Luxembourg. The temporary ISIN for the Further First New Temporary Global Notes is XS1410545625 and the temporary Common Code is 141054562. The Further First New Notes will be consolidated, form a single series and be interchangeable for trading purposes from the Exchange Date with the Initial First New Notes, and following such consolidation, will have the following Common Code and ISIN:

ISIN	**Common Code**
XS0991898197	099189819

4. So long as the Further First New 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 Borrower has obtained all necessary consents, approvals and authorisations in connection with the issue of the Further First New Notes and the related transactions.

6. Neither the Issuer nor the Borrower are or have been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Borrower are aware), during the last 12 months, which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer or the Borrower.

7. There has been no material adverse change in the financial position or prospects of the Issuer or the Borrower since the date of the last audited financial statements of the Issuer and the Borrower, respectively.

8. Since 31 December 2015, there has been no significant change in the financial or trading position of the Issuer or the Borrower.

9. Each Further First New Note and First New 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".

10. Neither the Issuer nor the Borrower has any operations other than the issue of the Existing Notes and the on-loan of the proceeds under the Existing Issuer/Borrower Loans.

11. CBRE 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 their report which would have a significant effect on the Valuation.

12. Save as disclosed in the sections entitled "*The Issuer*" and "*The Obligors – The Borrower*" 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.

13. 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 Further First New 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 (and any supplemental and/or amending or restating agreements or deeds) 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; and

        (ix) the STID; and

    (e) the Property Portfolio Valuation Report; and

    (f) the audited financial statements of the Issuer and the Borrower in respect of the years ending 31 December 2014 and 31 December 2015.

14. As at the date of this Prospectus, neither the Issuer nor the Borrower have any operations other than the issue of the Existing Notes and the on-loan of the proceeds under the Existing Issuer/Borrower Loans.

15. 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.

16. No website referred to in this Prospectus forms part of the document for the purposes of the listing of the Further First New Notes on the Irish Stock Exchange.

17. 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 Existing Issuer/Borrower Loans, the Further First New Issuer/Borrower Loan, the Existing Notes and the Further First New 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).

18. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent in connection with the Further First New Notes and is not itself seeking admission of the Further First New Notes to the Official List of the Irish Stock Exchange or to trading on its regulated market for the purposes of the Prospectus Directive.

19. Deloitte LLP, registered office 2 New Street Square, London EC4A 3BZ, are the independent auditors to the Issuer and the Obligor Group.

20. 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.

21. The estimated expense of admission to trading on the regulated market of, and listing on, the Irish Stock Exchange is €4,790.

INDEX OF DEFINED TERMS

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

Appendix 1

Property Portfolio Valuation Report

- Full valuation report as at 31 March 2016 in relation to the Property Portfolio

VALUATION REPORT

52 Property Assets of The Unite UK Student Accommodation Fund

HSBC Bank plc

Valuation Date: 31 March 2016

CBRE

Table of Contents

Content **Page Number**

The contents of this Report may only be relied upon by:

(i) Addressees of the Report; or

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter.

This Report is to be read and construed in its entirety and reliance on this Report is strictly subject to the disclaimers and limitations on liability on page 20. Please review this information prior to acting in reliance on the contents of this Report. If you do not understand this information, we recommend you seek independent legal counsel.

CBRE Limited
Henrietta House
Henrietta Place
London W1G 0NB

Switchboard +44 (0)20 7182 2000
Fax +44 (0)20 7182 2001

Valuation Report

Report Date	4 May 2016
Addressee	HSBC Bank plc as Lead Arranger, Bookrunner and Original Liquidity Facility Provider together with each of its respective transferees, successors and assignees (the "Addressees") Corporate Banking Real Estate 4th floor 120 Edmund Street Birmingham B3 2QZ For the attention of: David Price
The Properties	As listed in the Schedule of Capital Values set out below being 52 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 5 April 2016.
Valuation Date	31 March 2016.
Capacity of Valuer	External.
Purpose of Valuation	To assist in consideration of the issuance of circa £125 million bonds by the Issuer, the proceeds of which will be lent to the Client (or persons connected with the Client) pursuant to the Issuer / Borrower Facilities (the Facility)

Market Value

£1,466,060,000 (One Billion, Four Hundred and Sixty Six Million and Sixty Thousand 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.

Where a property is owned by way of a joint tenancy or through an indirect investment structure, our valuation is of the property as a whole and does not necessarily represent the 'Market Value' (as defined in the Red Book) of the interests in the indirect investment structure through which the property is held.

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 although we have not been provided with the terms of the loan 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 January 2014 ("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, taxation, 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

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of the information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Properties reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

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 Ltd (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 nine 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 in a letter dated 22 April 2016 (copy attached) and have received your confirmation that it is in order for us to carry out your valuation instruction and that the conflict can be managed.

Proceedings

No action or proceedings in connection with the matters set out in the Report shall be commenced against us after expiry of six years from the date of the Report.

Reliance

A copy of this report may be provided (on a non-reliance basis)

(i) where disclosure is required by applicable law or regulation, by any count of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body or in respect of legal or arbitration proceedings in connection with this report;

(ii) where disclosure is required by the rules of any stock exchange, listing authority or similar body upon which an Addressee's or a reliance party's shares or other securities are listed;

(iii) to an Addressee's or a reliance party's affiliates, and any of its officers, directors, employees, auditors and professional advisors in connection with transactions under the Facility and the related Prospectus;

(iv) to any financial institution or other entity in connection with the transaction under the Facility and the related Prospectus;

(v) to any person to whom such Addressee or reliance party potentially assign transfer or sub-participate all or any of its rights and obligations under any documentation relating to or under the Facility or any documents referred to in the related Prospectus and to the professional advisors of each such person;

(vi) to any rating agency in connection with any securitisation as set out in the Prospectus referred to below and to investors and potential investors in such securitisation including in each case their professional advisers and

(vii) or otherwise, with your prior written consent.

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 £100 million.

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

Michael Brodtman FRICS
Executive Director
RICS Registered Valuer
For and on behalf of CBRE Ltd

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Project Reference: **USAF Bond Issue.**
Report Version: 2015 GROUP CERT r7.dotm

Schedule of Capital Values

Properties held as an investment

Ref	Address	Freehold / Feuhold / Heritable (£)	Long Leasehold *(£)	Part Freehold / Part Long Leasehold* (£)	Market Value (£)
1.1	Aberdeen, King Street Exchange	15,530,000			15,530,000
1.2	Aberdeen, Old Fire Station	23,490,000			23,490,000
1.3	Aberdeen, Spring Gardens	37,110,000			37,110,000
2.1	Bath, Charlton Court	36,110,000			36,110,000
3.1	Birmingham, Londonderry House		13,060,000		13,060,000
3.2	Birmingham, The Heights		61,050,000		61,050,000
4.1	Bristol, Blenheim Court	20,910,000			20,910,000
4.2	Bristol, Cherry Court	14,920,000			14,920,000
4.3	Bristol, Favell House	16,690,000			16,690,000
4.4	Bristol, Marketgate	36,740,000			36,740,000
4.5	Bristol, Phoenix Court			29,950,000	29,950,000
4.6	Bristol, The Rackhay	7,650,000			7,650,000
5.1	Edinburgh, Chalmers Street	31,290,000			31,290,000
6.1	Exeter, Northfields	18,400,000			18,400,000
7.1	Glasgow, Blackfriars	34,050,000			34,050,000
7.2	Glasgow, Buchanan View	39,020,000			39,020,000
7.3	Glasgow, Gibson Street	9,690,000			9,690,000
7.4	Glasgow, Kelvin Court	37,820,000			37,820,000
8.1	Huddersfield, Firth Point	10,440,000			10,440,000
8.2	Huddersfield, Snow Island			23,280,000	23,280,000
9.1	Leeds, The Plaza	70,890,000			70,890,000
9.2	Leeds, Sky Plaza	54,080,000			54,080,000
9.3	Leeds, The Tannery	29,100,000			29,100,000
10.1	Leicester, Filbert Village	34,510,000			34,510,000
10.2	Leicester, Newarke Point	45,410,000			45,410,000
10.3	Leicester, St Martins House		9,390,000		9,390,000
10.4	Leicester, The Grange	14,520,000			14,520,000
11.1	Liverpool, Apollo Court		12,440,000		12,440,000
11.2	Liverpool, Arrad Street	5,010,000			5,010,000
11.3	Liverpool, Cambridge Court	29,170,000			29,170,000
11.4	Liverpool, Capital Gate		26,460,000		26,460,000
11.5	Liverpool, Cedar Court	6,850,000			6,850,000
11.6	Liverpool, Grand Central	85,060,000			85,060,000
11.7	Liverpool, Larch House		4,860,000		4,860,000
11.8	Liverpool, Lennon Studios	20,920,000			20,920,000
12.1	London, Blithehale Court	58,600,000			58,600,000
12.2	London, Kirby Street	41,350,000			41,350,000
12.3	London, Pacific Court	24,340,000			24,340,000
12.4	London, Sunlight Apartments	2,500,000			2,500,000

12.5	London, Emily Bowes	89,990,000			89,990,000
13.1	Loughborough, The Holt		13,990,000		13,990,000
14.1	Manchester, Piccadilly Point	51,760,000			51,760,000
15.1	Newcastle, Manor Bank	34,530,000			34,530,000
16.1	Nottingham, Riverside Point	29,620,000			29,620,000
16.2	Nottingham, St Peters	48,790,000			48,790,000
17.1	Plymouth, Central Point		18,580,000		18,580,000
17.2	Plymouth, Discovery House	19,130,000			19,130,000
17.3	Plymouth, St Teresa House	6,080,000			6,080,000
17.4	Plymouth, St Thomas	13,440,000			13,440,000
18.1	Reading, Crown House	12,840,000			12,840,000
19.1	Sheffield, Exchange			25,620,000	25,620,000
19.2	Sheffield, The Anvil		9,030,000		9,030,000
TOTAL		**1,218,350,000**	**168,860,000**	**78,850,000**	**1,466,060,000**

* more than 50 years unexpired

Ref	Property (Inspection Date)	Brief Description	Freehold / Feuhold / Heritable (£)	Long Leasehold (£)	Part Freehold / Part Long Leasehold (£)	Market Value (£)
1.1	Aberdeen, King Street Exchange (17 March 2016)	The property was purpose built in 2003 and provides 178 student bedrooms in ensuite cluster flats and studios. All of the rooms are let directly to students on ASTs.	15,530,000			15,530,000
1.2	Aberdeen, Old Fire Station (17 March 2016)	Part of the property comprises a converted former fire station and part of it was purpose built in 2002. It provides 273 student bedrooms in ensuite cluster flats and studios which are let directly to students on ASTs.	23,490,000			23,490,000
1.3	Aberdeen, Spring Gardens (17 March 2016)	The property was purpose built in 1994 and internally refurbished in 2001. An additional new block with 20 bedrooms was built in 2011. There are a total of 512 student bedrooms in cluster flats and studios. The majority of rooms have shared bathrooms. All of the rooms are let directly to students on ASTs.	37,110,000			37,110,000
2.1	Bath, Charlton Court (11 March 2016)	The property was purpose built in 2009 and provides 330 student bedrooms in ensuite cluster flats and studios. 295 bedrooms are subject to a Nominations Agreement with Bath Spa University, 25 bedrooms are subject to a Nominations Agreement to the University of Bath and 10 are let directly to students on ASTs.	36,110,000			36,110,000
3.1	Birmingham, Londonderry House (29 March 2016)	The property was completed in 2002 and comprises a converted 1970s office building providing 175 student bedrooms in ensuite cluster flats and studios. The student accommodation is located on the 9th-16th floors above a car park which is under separate ownership. The property is held on a lease expiring in September 2098.		13,060,000		13,060,000
3.2	Birmingham, The Heights (29 March 2016)	The property was built in two phases in 2004 and 2005. Phase I is a part converted period building and part purpose built, the later adjoining Phase II which is also purpose built. There are a total of 909 student bedrooms in ensuite cluster flats and studios. Part of the sub-basement is let to BT PLC on a lease expiring in March 2029. The property is held on three leases expiring in 2128 and 2129.		61,050,000		61,050,000
4.1	Bristol, Blenheim Court (22 March 2016)	The property was purpose built in 2005 and provides 231 student bedrooms in ensuite cluster flats and studios. The student accommodation is subject to a short term Nominations Agreement to the University of Bristol. A ground floor commercial unit is let to Tesco Stores Ltd for a term of 15 years from September 2005.	20,910,000			20,910,000

4.2	Bristol, Cherry Court (22 March 2016)	The property was purpose built in 2004 and provides 176 student bedrooms in ensuite cluster flats. All of the bedrooms are subject to a short term Nominations Agreement to the University of Bristol.	14,920,000		14,920,000
4.3	Bristol, Favell House (22 March 2016)	The property comprises a converted former office building which was completed in 1997. There are a total of 234 student bedrooms with shared bathrooms in cluster flats. All of the bedrooms are subject to a short term Nominations Agreement to the University of Bristol. A ground floor commercial unit is let to One Stop Stores Ltd for a term of 25 years from September 1997. There is a mutual break option in September 2017. A second commercial unit is let to George Smythe and Rona Hellings with Bristol Primary Care Trust as Guarantor for a term of 10 years from August 2007. A third commercial unit is let to Aqua Italia Ltd for a term of 25 years from July 1998.	16,690,000		16,690,000
4.4	Bristol, Marketgate (22 March 2016)	The property comprises a converted former office building which was completed in 2003. There are 490 student bedrooms in ensuite cluster flats and studios. All of the bedrooms are subject to a Nominations Agreement to the University of the West of England expiring at the end of the 2017/2018 academic year.	36,740,000		36,740,000
4.5	Bristol, Phoenix Court (22 March 2016)	The property was purpose built in 2007 and provides 277 student bedrooms within ensuite cluster flats and studios. 92 bedrooms are let on a short term Nominations Agreement to the University of the West of England and 185 bedrooms are let directly to students on ASTs. A ground floor commercial unit is let to the City Council of Bristol on a lease expiring in November 2018.		29,950,000	29,950,000
4.6	Bristol, The Rackhay (22 March 2016)	The property comprises a converted former office building which was completed in 1995 and refurbished in 2008. There are 115 student bedrooms within cluster flats with shared bathrooms. The bedrooms are subject to a short term Nominations Agreement to the University of Bristol. The tenant of the ground floor commercial unit is 'holding over' following expiry of its lease in September 2013.	7,650,000		7,650,000
5.1	Edinburgh, Chalmers Street (18 March 2016)	The property was purpose built in 2009 and provides 252 student bedrooms in cluster flats and studios. The bedrooms are either ensuite or are provided with one bathroom between two bedrooms. 102 bedrooms are subject to a short term Nominations Agreement to the University of Edinburgh. The remaining bedrooms are let directly to students on ASTs.	31,290,000		31,290,000
6.1	Exeter, Northfields (18 November 2015)	The property was purpose built in 2008 and provides 190 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are let directly to students on ASTs.	18,400,000		18,400,000

7.1	Glasgow, Blackfriars (17 March 2016)	Blackfriars I was purpose built in 2005 and provides 298 student bedrooms within ensuite cluster flats and studios. Blackfriars II was purpose built in 2007 and provides 222 ensuite bedrooms. All of the bedrooms are let directly to students on ASTs.	34,050,000		34,050,000
7.2	Glasgow, Buchanan View (17 March 2016)	The property was purpose built in 2003 and provides 660 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are let directly to students on ASTs.	39,020,000		39,020,000
7.3	Glasgow, Gibson Street (17 March 2016)	The property was purpose built in 2009 and provides 93 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are let directly to students on ASTs. A ground floor commercial unit is let to Greggs plc on a lease expiring in August 2024 and a tenant only break option in August 2019.	9,690,000		9,690,000
7.4	Glasgow, Kelvin Court (17 March 2016)	The property was purpose built in 2012 and provides a total of 477 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are let directly to students on ASTs.	37,820,000		37,820,000
8.1	Huddersfield, Firth Point (18 March 2016)	The property was purpose built in 2002 and provides 200 student bedrooms within ensuite cluster flats. All of the bedrooms are let directly to students on ASTs.	10,440,000		10,440,000
8.2	Huddersfield, Snow Island (18 March 2016)	The property was purpose built in 2001 and provides 427 student bedrooms within ensuite cluster flats. All of the bedrooms are let directly to students on ASTs. Part of the property is held on a lease expiring in May 2918.		23,280,000	23,280,000
9.1	Leeds, The Plaza (18 March 2016)	The property was purpose built in 2006 and provides 964 student bedrooms within ensuite cluster flats and studios. 100 bedrooms are subject to a Nomination Agreement. The remaining bedrooms are let directly to students on ASTs.	70,890,000		70,890,000
9.2	Leeds, Sky Plaza (18 March 2016)	The property was purpose built in 2009 and provides 533 student bedrooms within ensuite cluster flats, studios and one bed flats. All of the bedrooms are let directly to students on ASTs. A ground floor commercial unit is let on a lease for a term of 20 years from October 2009.	54,080,000		54,080,000
9.3	Leeds, The Tannery (18 March 2016)	The property was purpose built in 2004 and provides 502 student bedrooms within ensuite cluster flats and studios. 439 bedrooms are subject to a Nominations Agreement to the University of Leeds for a term of 6 years from September 2011 with a break option after 4 years. 63 bedrooms are let directly to students on ASTs. A ground floor commercial unit is let on a lease expiring in April 2020.	29,100,000		29,100,000

10.1	Leicester, Filbert Village (16 March 2016)	The property was purpose built in 2004 and provides 664 student bedrooms within ensuite cluster flats and studios. Part of the property is subject to a short term Nominations Agreement to De Montfort University and part of the property is let directly to students on ASTs.	34,510,000		34,510,000
10.2	Leicester, Newarke Point (16 March 2016)	The property was purpose built in 2002 and provides a total of 658 student bedrooms within ensuite cluster flats and studios. There is a 25 year Nominations Agreement in place to De Montfort University over a minimum of 300 rooms from August 2002 with a mutual break option in year 15.	45,410,000		45,410,000
10.3	Leicester, St Martins House (16 March 2016)	The property was purpose built in 2003 and provides 148 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are directly let to students on ASTs. The property is held on a lease expiring in April 3001.		9,390,000	9,390,000
10.4	Leicester, The Grange (16 March 2016)	The property was completed in 2003 and provides 220 student bedrooms within ensuite cluster flats and studios. 194 bedrooms are subject to a short term Nominations Agreement to De Montfort University. A ground floor commercial unit is let to Rileys on a lease expiring in February 2019.	14,520,000		14,520,000
11.1	Liverpool, Apollo Court (21 March 2016)	The property was purpose built in 2003 and provides 221 student bedrooms within ensuite cluster flats and studios. The property is subject to a short term Nominations Agreement to Liverpool John Moores University. The property is held on a lease expiring in November 2129.		12,440,000	12,440,000
11.2	Liverpool, Arrad Street (21 March 2016)	The property was purpose built in 2001 and provides 75 student bedrooms within ensuite cluster flats. All of the bedrooms are subject to a short term Nominations Agreement to Kaplan language school. A ground floor commercial unit is let to Mr Abdulwhab Shajirah for a term of 13.5 years from August 2009. A second commercial unit is let to Landmark Inns Ltd for a term of 25 years from July 2000. A third commercial unit is occupied by Unite.	5,010,000		5,010,000
11.3	Liverpool, Cambridge Court (21 March 2016)	The property was purpose built in 1999 and provides 474 student bedrooms within ensuite cluster flats. 361 bedrooms are let on a short term Nominations Agreement to Liverpool John Moores University. The remaining bedrooms are let directly to students on ASTs.	29,170,000		29,170,000
11.4	Liverpool, Capital Gate (21 March 2016)	The property was purpose built in 2004 and provides 430 student bedrooms in ensuite cluster flats and studios. 160 bedrooms are subject to a Nomination Agreement. The remaining bedrooms are subject are let directly to students on ASTs. A ground floor commercial unit is let to DP Reality Ltd for a term of 19 years from August 2005. The property is held on a lease expiring in September 2153.		26,460,000	26,460,000

11.5	Liverpool, Cedar Court (21 March 2016)	The property was purpose built in 1999 and provides a total of 102 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are subject to a Nominations Agreement to Kaplan language school until the end of the 2018/2019 academic year.	6,850,000		6,850,000
11.6	Liverpool, Grand Central (21 March 2016)	The property was purpose built in 2004 and provides 1,236 student bedrooms within ensuite cluster flats and studios. 600 beds are subject to a short term Nominations Agreement to Liverpool John Moores University. 652 bedrooms are directly let to students on ASTs. A ground floor commercial unit is let to Alfred Jones t/a Spar for a term of 15 years from September 2004. A second unit is let to Rileys Clubs Ltd for a term expiring in October 2021 with a tenant break in July 2017. A third unit is vacant.	85,060,000		85,060,000
11.7	Liverpool, Larch House (21 March 2016)	The property was constructed in the 1970s and refurbished in 2000. There are a total of 104 student bedrooms. 99 of the bedrooms are provided with shared bathrooms and the remaining bedrooms are one bedroom flats. All bedrooms are directly let to students on ASTs. The property is held on a lease expiring in August 2074.		4,860,000	4,860,000
11.8	Liverpool, Lennon Studios (21 March 2016)	The property was converted from a former hospital building in 2001. There are a total of 248 student bedrooms within cluster flats and studios. Part of the property is subject to a short term Nominations Agreement to Liverpool John Moores University.	20,920,000		20,920,000
12.1	London, Blithehale Court (16 March 2016)	The property was purpose built in 2009 and provides 306 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are let directly to students on ASTs. There are four commercial units. The first is let to Account 3 Women's Consultancy Service Limited for 25 years from May 2009. The second is let to Mr Kamran Butt for 25 years from March 2012. The third is let to Pizza Hut (UK) Ltd for a term of 20 years from October 2010. There is a break option in October 2020. A fourth small commercial unit is vacant.	58,600,000		58,600,000
12.2	London, Emily Bowes (30 March 2016)	The property was purpose built in 2009 and provides 693 student bedrooms within ensuite cluster flats and studios. The bedrooms are let directly to students on ASTs.	41,350,000		41,350,000
12.3	London, Kirby Street (22 March 2016)	The property was purpose built in 2008 and provides 128 student studios. All of the studios are let directly to students on ASTs. The ground and lower ground floors are let to Camden Enterprise Limited for a term of 15 years from October 2009.	24,340,000		24,340,000

12.4	London, Pacific Court (16 March 2016)	The property was purpose built in 2008 and provides 142 student bedrooms within ensuite cluster flats and studios. All bedrooms are directly let to students on ASTs.	2,500,000		2,500,000
12.5	London, Sunlight Apartments (16 March 2016)	The property provides 24 student bedrooms with shared bathrooms within cluster flats. It is situated within a gated residential development. The entire property is subject to a reservations agreement with EC English London Limited.	89,990,000		89,990,000
13.1	Loughborough, The Holt (17 March 2016)	The property opened to students in 2004. The majority of the accommodation is purpose built but some is within a converted period residential building. There are a total of 261 student bedrooms within ensuite cluster flats and studios. There is an informal reservations agreement in place with the University of Loughborough. The property is held on a lease expiring in August 2103.		13,990,000	13,990,000
14.1	Manchester, Piccadilly Point (26 February 2016)	The property was purpose built in 2007 and provides 588 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are directly let to students on ASTs.	51,760,000		51,760,000
15.1	Newcastle, Manor Bank (15 March 2016)	The property was purpose built in 2010 and provides 527 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are directly let to students on ASTs.	34,530,000		34,530,000
16.1	Nottingham, Riverside Point (17 March 2016)	The property was purpose built in 2006 and provides 484 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are directly let to students on ASTs.	29,620,000		29,620,000
16.2	Nottingham, St Peters (17 March 2016)	The property was purpose built in two phases in 2002 and 2005. There are 808 student bedrooms within ensuite cluster flats and studios. 546 bedrooms are subject to a Nomination Agreement with the University of Nottingham. The remaining bedrooms are directly let to students on ASTs.	48,790,000		48,790,000
17.1	Plymouth, Central Point (11 November 2015)	The property consists of a former office building which was converted to student accommodation in 2002. There are a total of 235 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are directly let to students on ASTs. The property is held on a lease expiring in June 2124.		18,580,000	18,580,000
17.2	Plymouth, Discovery House (11 November 2015)	The property was purpose built in 2004 and provides 281 student bedrooms within ensuite cluster flats and studios. All of the bedrooms are directly let to students on ASTs. A ground floor commercial unit is let to Tesco Stores Ltd for a term of 20 years from July 2010 with a break option in July 2020. A second small commercial unit is vacant.	19,130,000		19,130,000

17.3	Plymouth, St Teresa House (11 November 2015)	The property was converted to student accommodation in 2001 and provides 112 bedrooms within cluster flats and studios. The majority of rooms are provided with shared bathrooms. The property is subject to a short term Nominations Agreement to Plymouth University. A commercial unit is let to Tesco Stores Ltd for a term of 15 years from September 2008. A second small commercial unit is vacant.	6,080,000			6,080,000
17.4	Plymouth, St Thomas (11 November 2015)	The property was purpose built in 2004 and provides 237 student bedrooms within ensuite cluster flats and studios. The property is subject to a short term Nominations Agreement to Plymouth University.	13,440,000			13,440,000
18.1	Reading, Crown House (31 March 2016)	The property was converted to student accommodation in 2008 and provides 99 bedrooms within ensuite cluster flats and studios. All of the bedrooms are directly let to students on ASTs. A ground floor commercial unit is let to Tesco Stores Ltd for a term of 15 years from August 2008.	12,840,000			12,840,000
19.1	Sheffield, Exchange (16 March 2016)	The property was purpose built in 2002 and provides 437 student bedrooms within ensuite cluster flats and a studio. All of the bedrooms are directly let to students on ASTs. A ground floor commercial unit is let to Turning Point (Services) Ltd. The Leasehold parts of the property are held on leases expiring in 2201 and 2638.			25,620,000	25,620,000
19.2	Sheffield, The Anvil (16 March 2016)	The property was purpose built in 2007 and provides 163 student bedrooms within ensuite cluster flats and studios. 83 bedrooms are subject to a short term Nomination Agreement. The remaining bedrooms are directly let to students on ASTs. The property is held on a lease expiring in November 2145.		9,030,000		9,030,000
TOTAL			1,218,870,000	1,218,350,000	168,860,000	78,850,000

Scope of Work & Sources of Information

Sources of Information	We have carried out our work based upon information supplied to us by Unite and Waterman (HSBC Wizard Screening Opinion), together with 2013 information provided by Nabarro LLP, Walker Morris LLP, Dundas & Wilson CS LLP BWB Consulting and Jones Lang LaSalle, 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 copies of environmental reports prepared by Waterman. 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.
Town Planning	We have not undertaken planning enquiries.
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. 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.

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."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

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 Property

Items of plant and machinery normally considered as landlord's fixtures such as lifts, escalators, air conditioning, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuation.

Furthermore, a number of items that normally might be regarded as tenant's fixtures and fittings - such as trade appliances, furniture and equipment - as well as soft goods considered necessary to generate the turnover and profit, are included in our valuation of the Property. The vacant possession valuation assumes that Properties are available for sale including all fixtures and fittings. We understand that fixtures, machinery and equipment are either owned, leased or under contract. We have made no adjustment to reflect the net present value of meeting any existing lease contracts in respect of the equipment. Unless stated otherwise within this report, we have assumed that any such leasing costs are reflected in the trading figures supplied to us, and that all trade fixtures and fittings essential to the running of the Property as an operational entity would be capable of transfer as part of a sale of the building, and any necessary third party consents obtained.

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, and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that the Energy Act 2011 is due to come into force in England and Wales no later than 1 April 2018 (although it may be earlier), and in Scotland, no earlier than April 2015. From such date, it will be unlawful for landlords to rent out a residential or business premise unless they have reached a minimum energy efficient standard – most likely, 'E' – or carried out the maximum package of measures funded under the 'Green Deal' or the Energy Company Obligation (ECO).

(d) the properties are either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

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, Lettings, Planning, Taxation and Statutory & Local Authority requirements

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.

(m) Stamp Duty Land Tax (SDLT) will apply at the rate currently applicable in the UK. However, we would draw your attention to the fact that in Scotland, SDLT will be replaced by a Land and Buildings Transaction Tax (LABTT) with effect from 1 April 2015. In advance of the rates and tax bands being set for LABTT, we have assumed that they will be the same as for SDLT.

LEGAL NOTICE

This valuation report (the "**Report**") has been prepared by CBRE Ltd ("**CBRE**") exclusively for HSBC Bank plc (the "**Client**") in accordance with the terms of the instruction letter dated 5 April 2016 ("the Instruction"). CBRE has provided this report on the understanding that it will only be seen and used by the Client and upon signing of a reliance letter by Unite (USAF) II Plc for inclusion in the Prospectus (subject to CBRE having consented to the form and context of the Report in the Prospectus) and any other party who signs a reliance letter and no other person is entitled to rely upon it, unless CBRE has expressly agreed in writing. Where CBRE has expressly agreed that a person other than the Client can rely upon the report then CBRE shall have no greater liability to any party relying on this report than it would have had if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to all parties, howsoever arising under, in connection with or pursuant to reliance upon this Report, and whether in contract, tort, negligence or otherwise is limited in respect of the individual properties to which the appointment relates to 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.

CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

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Your Ref USAF

22 April 2016

For the attention of David Price
HSBC Bank plc as Lead Arranger and Original Liquidity Facility Provider

USAF BOND ISSUE VALUATION

Further to your recent discussions with Jane Asquith we can confirm that CBRE has been the external property valuer to The Unite UK Student Accommodation Fund (USAF) since 2007 providing independent advice. The valuations are provided on a quarterly basis. Jane has signed the USAF reports since December 2010 and Yin Yeung has been the second signatory since September 2014. 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 valuation of the properties to assist in consideration of the issuance of bonds by the UNITE USAF II, 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. Information Barriers).

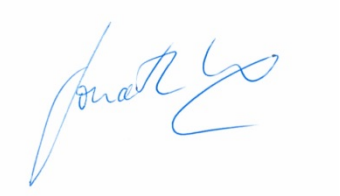
In addition, as part of our internal audit process CBRE has policies for valuation work which are set out in our Practice Area Guidelines (latest edition August 2015) whereby valuations may be approved by a Senior or Executive Director who has not been previously involved in the instruction.

All information held by the Valuation & Advisory team in respect of property 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



JONATHAN WHITE
EXECUTIVE DIRECTOR – VALUATION & ADVISORY SERVICES

GERALDINE MASH
COMPLIANCE DIRECTOR

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