IMPORTANT NOTICE

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

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER (AS DEFINED BELOW). THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR THE SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES 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, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES (RISK RETENTION U.S. PERSONS). EACH PURCHASER OF THE NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES BY ITS ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTING SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation:

The Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) you have treated the contents of the Prospectus confidentially and you have not duplicated, distributed, forwarded, transferred or otherwise transmitted the Prospectus or any other presentational or other materials concerning this offering (including electronic copies thereof) to any persons within the United States and agree that such materials shall not be duplicated, distributed, forwarded, transferred or otherwise transmitted by you, (e) you have made your own assessment concerning the relevant tax, legal and other economic considerations relevant to an investment in the securities of Issuer, and (f) 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 or a certified high net worth individual within Article 48 of the Financial Services and

Markets Act (Financial Promotion) Order 2005 (all such persons together being referred to as Relevant Persons). Any investment or investment activity to which the Prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

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, HSBC Bank plc,) 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 Bank plc.

UNITE (USAF) II plc

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

£85,000,000 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 £310,000,000 3.921 per cent. Commercial Mortgaged Backed Notes due June 2030 issued on 19 November 2013 and on 18 May 2016)

(Issue Price: 111.384 per cent. of the principal amount (plus 1 days' accrued interest in respect of the period from (and including) 30 September 2019 to (but excluding) 1 October 2019 at a rate of 3.921 per cent. per annum))

This document constitutes a prospectus (the **Prospectus**) for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**).

This Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**) as competent authority under the Prospectus Regulation. The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Second Further First New Notes (as defined below) that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Second Further First New Notes.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the £85,000,000 3.921 per cent. Commercial Mortgage Backed Notes due June 2030 (the **Second Further First New Notes**) of UNITE (USAF) II plc (the **Issuer**) to be admitted to the official list of Euronext Dublin (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**), £185,000,000 3.921 per cent. Commercial Mortgaged Backed Notes due June 2030 (the **Initial First New Notes**) and £125,000,000 3.921 per cent. Commercial Mortgaged Backed Notes due June 2030 (the **Further First New Notes**) and together with the Initial First New Notes, the **First New Notes** and the First New Notes 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*" and "*Key characteristics of the Further First New Notes*" sections below on 18 June 2013 (the **Initial Closing Date**), 19 November 2013 (the **Initial First New Closing Date** and 18 May 2016 (the **Further First New Closing Date**) and together with the Initial Closing Date and the Initial First New Closing Date, the **Existing Closing Dates**), respectively. The Second Further First New Notes will form a single class with the First New Notes and rank *pro rata* and *pari passu* with all of the Existing Notes from the Second Further First New Closing Date (as defined below).

The Second Further First New Notes will be issued on 1 October 2019 or such later date as may be agreed by HSBC Bank plc (**HSBC** or the **Lead Arranger** or the **Bookrunner**), the Issuer and Apex Corporate Trustees (UK) 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 **Second 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 Second 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**), the loan made by the Issuer to the Borrower on the Initial First New Closing Date (the **Initial First New Issuer/Borrower Loan**), the loan 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 Issuer/Borrower Loan and the Initial First New Issuer/Borrower Loan, the **Existing Issuer/Borrower Loans**) and under the loan to be made by the Issuer to the Borrower on the Second Further First New Closing Date (the **Second Further First New Issuer/Borrower Loan** and together with the Initial First New Issuer/Borrower Loan and the Further First New Issuer/Borrower Loan, the **First New Issuer/Borrower Loan**) and the further loans (together with the Existing Issuer/Borrower Loans and the Second 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 Second 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 Second 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 Second Further First New Notes will be issued in bearer form, represented initially by the Second Further First New Temporary Global Note (as defined below) exchangeable into the Second 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 Second Further First New Closing Date. Save in certain limited circumstances, Second Further First New Notes in definitive form will not be issued in exchange for the Second Further First New Global Notes.

The Second Further First New Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the First New Notes on the exchange of the Second Further First New Temporary Global Note for interests in the Second Further First New Permanent Global Note which is expected to occur on or about 10 November 2019 (the **Exchange Date**). Until the Exchange Date, the Second Further First New Notes will have a temporary ISIN and temporary Common Code. After the Exchange Date, the Second Further First New Notes will have the same ISIN and Common Code as the First New Notes.

Interest on the Second 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 31 December 2019 provided that: (i) the first Interest Period will commence on (and include) 30 September 2019 (the **Interest Accrual Date**) and end on (but exclude) the Interest Payment Date occurring on 31 December 2019; (ii) the final Interest Payment Date will occur on 30 June 2030 (the **Final Maturity Date** unless the Second 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 Second Further First New Notes will accrue at an annual rate of 3.921 per cent. Payments of interest in respect of the Second 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 Second Further First New Notes*" (the **First New Conditions**).

The Second 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 Second Further First New Notes on the Final Maturity Date, the Second 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 Second Further First New Notes, payments of interest on, and principal and premium (if any) of, the Second 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 Second 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 Second 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 Second 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 Second 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 Second Further First New Issuer/Borrower Loan) and the security therefor, all as more particularly described below.

The Second 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 Second 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 30 September 2019

IMPORTANT NOTICE

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 import of such information.

The Prospectus contains or refers to figures (all subject to commercial rounding), market data, analyst reports, and other publicly available information about the market which are based on published market data or figures from publicly available sources. Where information contained in this Prospectus has been sourced from third-party sources, the Issuer confirms that such information is accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the information reproduced in this Prospectus inaccurate or misleading.

The LF Provider accepts responsibility for the information concerning itself contained in the section entitled "*The LF Provider*". To the best of the 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 import 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 import of such information.

No person is or has been authorised in connection with the issue and sale of the Second 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 Second 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 Second Further First New Notes or their distribution.

No action has been or will be taken to permit a public offering of the Second 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 Second 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 Second 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 Second 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 Second Further First New Notes may not be offered or sold, directly or indirectly, and neither this document nor any part hereof nor any other Prospectus, 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.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of the Lead Arranger's product approval process, the target market assessment in respect of the Second Further First New Notes has led to the conclusion that: (i) the target market for the Second Further First New Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Second Further First New Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Second Further First New Notes (a **distributor**) should take into consideration the Lead Arranger's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Second Further First New Notes (by either adopting or refining the Lead Arranger's target market assessment) and determining appropriate distribution channels.

PRIIPS REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Second Further First New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor

as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

`THE SECOND FURTHER FIRST NEW NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE **SEC)**, ANY STATE SECURITIES COMMISSION OR ANY OTHER U.S. FEDERAL OR STATE REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

UNITED STATES DISTRIBUTION RESTRICTIONS

THE SECOND FURTHER FIRST NEW NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THEREFORE 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, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACCORDINGLY, THE SECOND FURTHER FIRST NEW NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON RESALES OR TRANSFERS, SEE "*SUBSCRIPTION AND SALE*".

ANY NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES (RISK RETENTION U.S. PERSONS). EACH PURCHASER OF SECOND FURTHER FIRST NEW NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE SECOND FURTHER FIRST NEW NOTES, BY ITS ACQUISITION OF THE SECOND FURTHER FIRST NEW NOTES OR A BENEFICIAL INTEREST THEREIN WILL BE DEEMED TO HAVE MADE, AND IN CERTAIN CIRCUMSTANCES WILL BE REQUIRED TO MAKE, CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON, (2) IS ACQUIRING SUCH SECOND FURTHER FIRST NEW NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH SECOND FURTHER FIRST NEW NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES.

There is no undertaking to register the Second Further First New Notes under U.S. state or federal securities laws. Until 40 days after later of the commencement of the offering of the Second Further First New Notes and the Second Further First New Notes Closing Date, an offer or sale of the Second Further First New Notes within the United States by any dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from the registration requirements of the Securities Act.

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 Second Further First New Notes, HSBC Bank plc (the **Stabilisation Manager**) or any person acting for it may over-allot the Second Further First New Notes or effect transactions with a view to supporting the market price of the Second 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 Second 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 Second Further First New Notes and 60 days after the date of allotment of the Second 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.

FORWARD-LOOKING STATEMENTS

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

Securitisation Regulation

Prospective investors should note that the Issuer is of the opinion that the requirements of Regulation (EU) No 2017/2402 (the **Securitisation Regulation**) do not apply to the Second Further First Notes and none of the Issuer, or any other transaction party, or any of their respective affiliates or advisers accept responsibility to investors for the regulatory treatment of their investment in the Notes, including (but not limited to) whether the Notes will be regarded as constituting a "securitisation" or a "securitisation position" for the purposes of the Securitisation Regulation and its application by any regulatory authority in any jurisdiction. No undertaking has been or will be given in relation to the Securitisation Regulation requirements (including, among other things, criteria for credit granting, the risk retention, transparency or investor due diligence requirements of the Securitisation Regulation). If the regulatory treatment of an investment in the Notes is relevant to any investor's decision whether or not to invest, the investor should make its own determination as to such treatment and for this purpose seek professional advice and consult its regulator.

EU Risk Retention

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 Second 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.

U.S. Credit Risk Retention

The transaction described in this Prospectus will not involve risk retention for the purposes of the U.S. Risk Retention Rules, and the issuance of the Second Further First New Notes was not designed to comply with the U.S. Risk Retention Rules to the extent the transaction described in this Prospectus is a "securitization transaction" subject to the U.S. Risk Retention Rules. If the U.S. Risk Retention Rules apply, it is intended that the applicable sponsor rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions that meet certain requirements. Consequently, any Second Further First New Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any person except for persons that are not "U.S. persons" as defined in the U.S. Risk Retention Rules (**Risk Retention U.S. Persons**). Each purchaser of Second Further First New Notes, including beneficial interests therein will, by its acquisition of a Second Further First New Note or beneficial interest therein, be deemed, and in certain circumstances will be required, to have made certain representations and agreements, including that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Second Further First New Note or a beneficial interest therein for its own account and not with a view to distribute such Second Further First New Note; and (3) is not acquiring such Second Further First New Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is different from the definition of "U.S. person" in Regulation S. See "*Risk Factors – U.S. Risk Retention Requirements*" for further details.

None of the Issuer, the Bookrunner, the Lead Arranger, the Borrower, the Obligors, USAF or any of the other parties hereto makes any representation to any prospective investor or purchaser of

the Second Further First New Notes as to whether the transactions described in this Prospectus are subject to or comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Volcker Rule may restrict the ability of relevant individual prospective purchasers to invest in the Notes

The Issuer is of the view that it is not now and immediately following the issuance of the Second Further First New Notes and the application of the proceeds thereof it will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "**Volcker Rule**". In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the United States Investment Company Act of 1940, as amended (the **Investment Company Act**) and under the Volcker Rule and its related regulations may be available to the Issuer, this conclusion is based on the determination that the Issuer would satisfy all of the elements of the “Loan Securitization Exclusion” provided under Section 10(c)(8) of the Volcker Rule. Any prospective investor in the Second Further First New Notes, including a bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding the Volcker Rule and its effects.

PROPERTY PORTFOLIO VALUATION REPORT

The Property Portfolio Valuation Report is contained in Appendix 1.

The Property Portfolio Valuation Report dated 20 September 2019 produced by CBRE Limited (**CBRE**)) of St Martins Court, 10 Paternoster Row, London EC4M 7HP (a global corporate member of **Royal Institution of Chartered Surveyors** (RICS)) as at 31 August 2019 in respect of the Properties (the **Property Portfolio Valuation Report**) in accordance with the Royal Institution of Chartered Surveyors (**RICS**) Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 was compiled for the purposes of ascertaining the market values of the Properties under instructions of the Lead Arranger.

The valuation in the Property Portfolio Valuation Report has been used for the purposes of this transaction and throughout this Prospectus. CBRE has given and has not withdrawn its written consent both to the inclusion in this Prospectus of the Property Portfolio Valuation Report, and to references to the Property Portfolio Valuation Report in the form and context in which they appear. CBRE accepts responsibility for the information contained in the Property Portfolio Valuation Report.

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Appendix

OVERVIEW

Key characteristics of the Second Further First New Notes

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

Principal Amount:	£85 million
Closing Date:	1 October 2019
Expected Ratings (Fitch/S&P):	Asf and A(sf)
Offering:	Regulation S only
Issue Price:	111.384 per cent. of the principal amount (plus 1 days' accrued interest in respect of the period from (and including) 30 September 2019 to (but excluding) 1 October 2019 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 31 December 2019
Business Days:	London
Expected Maturity Date:	30 June 2025
Final Maturity Date:	30 June 2030
Minimum Denomination:	£100,000
ISIN:	The temporary ISIN is XS2055091511. Following consolidation with the First New Notes, the Second Further First New Notes will have an ISIN of XS0991898197.
Common Code:	The temporary common code is 205509151. Following consolidation with the First New Notes, the Second Further First New Notes will have a common code of 099189819.
Listing:	This Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Regulation as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank should not be considered as an endorsement of the Issuer. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been

	made for the Second Further First New Notes to be admitted to the Official List of Euronext Dublin and to trading on its regulated market.

Key characteristics of the Further First New Notes

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:	XS0991898197
Common Code:	099189819
Listing:	The Further First New Notes have been admitted to the Official List of Euronext Dublin 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 Euronext Dublin 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 Euronext Dublin 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 70 properties valued at £2.4 billion which are located in 21 towns and cities across the UK providing 24,759 bed spaces. See further the section of this Prospectus entitled "*USAF*" below.

Overview of the Property Portfolio

The Property Portfolio is comprised of 46 Properties with a total value of £1,633,620,000 (as valued in the Property Portfolio Valuation Report carried out as at 31 August 2019 contained in Appendix 1). The Properties known as:

(a) McDonald Road, Edinburgh was sold on 30 October 2014;

(b) The Heights, Birmingham, Buchanan View, Glasgow, Gibson Street, Glasgow, Apollo Court, Liverpool and Capital Gate, Liverpool were sold on 7 April 2017;

(c) Kirby Street, London was sold on 29 June 2017; and

(d) Londonderry House, Birmingham, Firth Point, Huddersfield, Snow Island, Huddersfield, Sunlight Apartments, London, Central Point, Plymouth, Discovery Heights, Plymouth, St Teresa House, Plymouth and St Thomas Court, Plymouth were sold on 11 September 2018,

and are no longer part of the Property Portfolio.

The Properties known as:

(a) Rushford Court, Durham, Houghall College, Durham, Kincardine Court, Manchester, Brass Founders, Sheffield and Beech House, Oxford (the **March 2019 Properties**) were acquired by USAF No. 1 Limited Partnership (**LP1**) on 8 March 2019 (the **March 2019 Acquisitions**); and

(b) Greetham Street, Portsmouth, Bridge House, Edinburgh and Old Printworks, Edinburgh (the **July 2019 Properties**) were acquired by LP1 on 30 July 2019 (the **July 2019 Acquisitions**),

and form part of the Property Portfolio.

The Properties within the Property Portfolio as at the Second Further First New Closing Date will contain 17,490 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, the Initial First New Notes on 19 November 2013 and the Further First New Notes on 18 May 2016 (the **Existing Closing Dates**) and will

issue the Second Further First New Notes on 1 October 2019 (the **Second 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 Second 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 Second Further First New Notes will be on the Second 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 Second 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 Second Further First New Closing Date), the **Issuer/Borrower Loans**). The Borrower will on-lend the proceeds of such Issuer/Borrower Loans to the Limited Partnerships under the Intra-Group Agreement for general corporate purposes.

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 Second Further First New Closing Date, the **Second 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 Second Further First New Notes). The fees and expenses of the Issuer incurred in connection with the issue of the Notes (including the Second 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 Second Further First New Notes are issued as New Notes (with respect to the Initial Notes) and Further Notes (with respect to the First New Notes) and will therefore rank *pro rata* and *pari passu* with the Existing Notes.

Other funding available to the Borrower

On the Further First New Closing Date, the Original Limited Partnerships cancelled all of the available commitment under the revolving credit facility of up to £25,000,000 provided by Lloyds Bank plc to the Original Limited Partnerships pursuant to an agreement dated the Initial Closing Date between Lloyds Bank plc, the Original Limited Partnerships acting through their relevant Original General Partners, the other Original Obligors and the Obligor Security Trustee (the **Revolving Credit Facility** and the loans made under such facility, the **RCF Loans**). As a result, the Original Limited Partnerships are not able to make any further drawings under the Revolving Credit Facility. However, one or more of the Obligors may enter into a replacement revolving credit facility following the Second 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 do not apply 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 Bank plc (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, the Further First New Closing Date and the Second 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 (if any) 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**). HSBC Bank plc in its capacity as the Original LF Provider has assigned its rights and obligations under the Liquidity Facilities Agreement to HSBC UK Bank plc (together with any assignees or transferees, the **LF Provider**), by the order of the High Court on 22 May 2018, whereby HSBC Bank plc transferred part of its banking business to HSBC UK Bank plc with effect from 1 July 2018. The transfer was effected by a statutory ring fencing scheme under Part VII of the Financial Services and Markets Act 2000.

The Original Limited Partnerships will not make any drawings under the Obligor Liquidity Facility to make payments of interest due on the RCF Loans (if any), unless or until one or more of the Obligors enters into a revolving credit facility following the Second 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 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 Second 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 Second 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**) 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**) and as further supplemented and amended on 8 March 2019 (the **Second Supplemental Obligor Deed of Charge**), on 30 July 2019 (the **Third Supplemental Obligor Deed of Charge**), and on 30 July 2019 (the **Fourth Supplemental Obligor Deed of Charge**) pursuant to which new properties and management company leases (**New Security Assets**) were acquired and secured, and together with the Original Obligor Deed of Charge and the First Supplemental Obligor Deed of Charge, the **Obligor Deed of Charge**).

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

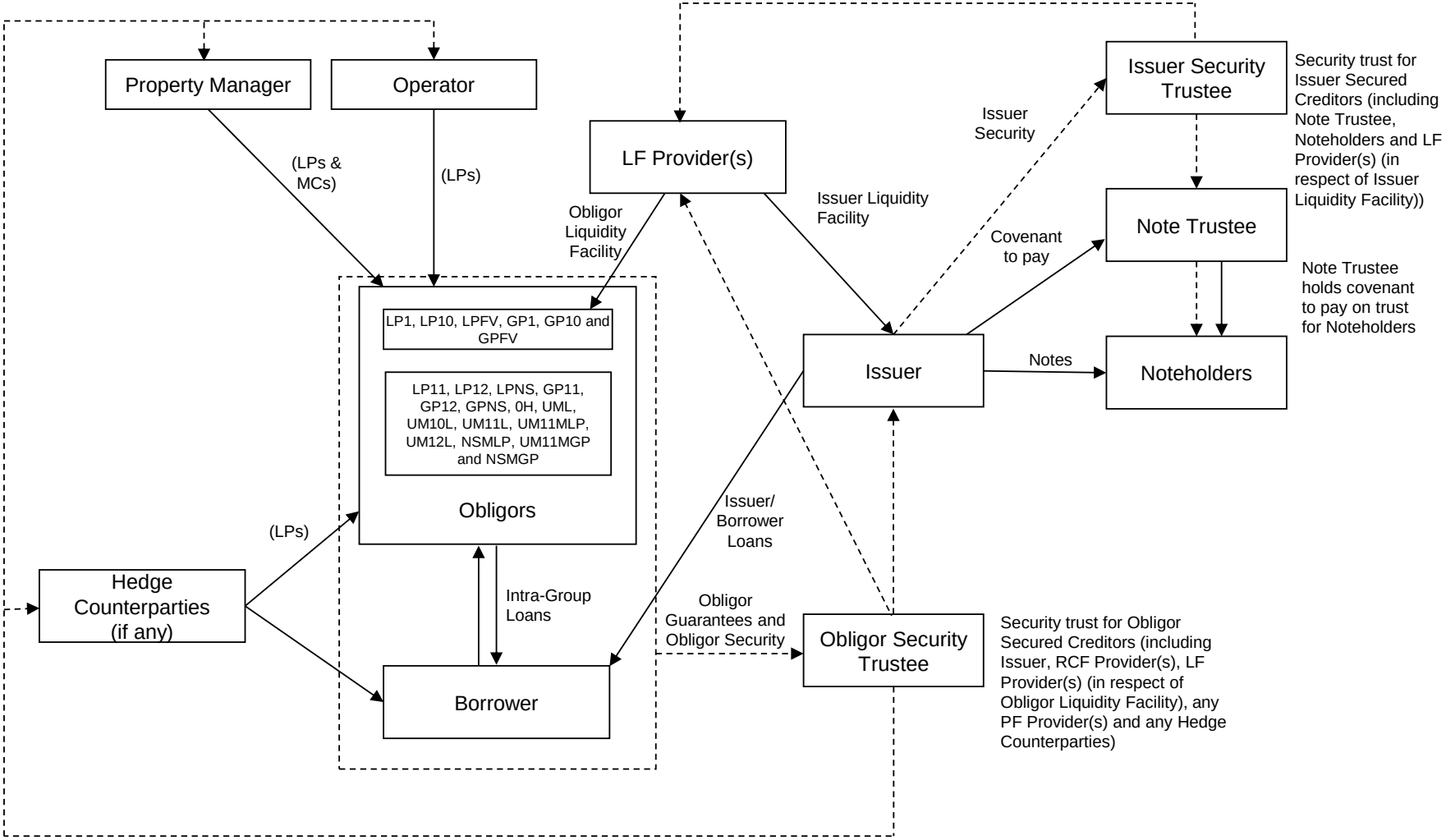
The Issuer's obligations under the Notes (including the Second Further First New Notes), the Note Trust Deed, the Issuer Deed of Charge and the other Issuer Transaction Documents are secured by, amongst other things, the fixed and floating security granted by the Issuer over all its property,

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, 15 November 2013 and 13 May 2016 in respect of the issuance of the Existing Notes (the **Existing Subscription Agreements**) and the subscription agreement dated 30 September 2019 in respect of the issuance of the Second Further First New Notes (the **Second 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 Second Further First New Noteholders) and/or Couponholders (including the Further 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

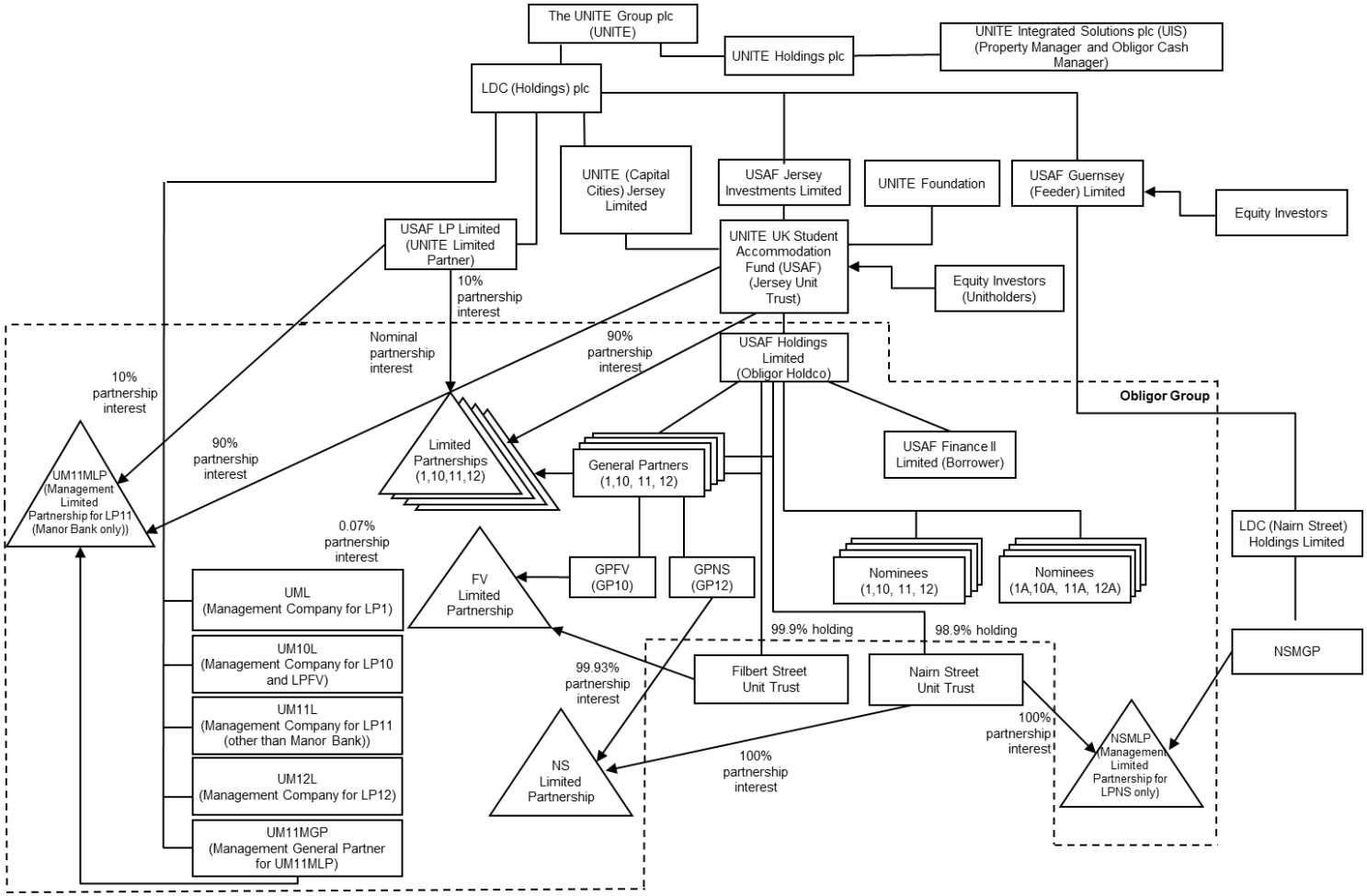
See the sections of this Prospectus entitled "*Diagrammatic Overview of the Transaction*" and "*Corporate Structure Diagram of the Obligors*" below for an overview of the transaction and the corporate structure of the UNITE Group, USAF and the Obligors on the Second Further First New Closing Date.

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION[1]



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

CORPORATE STRUCTURE DIAGRAM OF THE OBLIGORS[2]



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

RISK FACTORS

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

RISKS RELATED TO THE AVAILABILITY OF FUNDS TO PAY THE NOTES

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

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

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

The Issuer previously issued the Existing Notes on the respective Existing Closing Dates. The Second Further First New Notes will be issued on the Second Further First New Closing Date as New Notes (with respect to the Initial Notes) and as Further Notes (with respect to the First New Notes) and will form a single class with the First New Notes and rank *pro rata* and *pari passu* with all of the Existing Notes. The Second Further First New Notes will be consolidated, form a single series and be interchangeable for trading purposes with the 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 Existing Notes, this will impact the Issuer's ability to make payments in full of interest, principal and premium (if any) due on the Second 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 Second Further First New Notes). The Notes are (in respect of the Existing Notes), and will be (in respect of the Second Further First New Notes and any Further Notes, Replacement Notes or New Notes issued after the Second Further First New Closing Date), limited recourse obligations of the Issuer only and are not (in respect of the Existing Notes), and will not be (in respect of the Second Further First New Notes and any Further Notes, Replacement Notes or New Notes issued after the Second 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 Second Further First New Notes and any Further Notes, Replacement Notes or New Notes issued after the Second 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 Second Further First New Noteholders) in

respect of any failure by the Issuer to pay any amount due under the Notes (including the Second Further First New Notes).

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

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 Second 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 Second Further First New Notes).

Although the Issuer Security Trustee holds (in respect of the Existing Noteholders), or will hold (in respect of the Second Further First New Noteholders), the benefit of the Issuer Security on trust

for, *inter alios*, the Noteholders (including the Second 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 Second 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 Second Further First New Noteholders) and the Issuer (as lender to the Borrower of the Issuer/Borrower Loans (including the Second 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 Second 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 Second 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 Second 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

There is no guarantee that the Obligor Group will be able to refinance the Issuer/Borrower Loans (including the Second 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 Second Further First New Issuer/Borrower Loan) on their Loan Final Maturity Date. The ability of the Issuer to redeem the Notes (including the Second 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 Second 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 Second Further First New Issuer/Borrower Loan). Failure by the Borrower and/or other Obligors to refinance any Issuer/Borrower Loan (including the Second 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 Second Further First New Noteholders may receive by way of principal repayment an amount less than the then Principal Amount Outstanding of their Second Further First New Notes.

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

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

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

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

The Second 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 applicable state or local securities laws. The offering of the Second 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 Second Further First New Notes (and beneficial interests therein) are subject to certain transfer restrictions. Potential Second 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 Second Further First New Noteholder to ensure that its offers and sales of Second Further First New Notes comply with applicable law. Potential Second Further First New Noteholders are advised to consult legal counsel in connection with any such reoffer, resale, pledge or other transfer.

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

Each potential investor in the Second 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 Second Further First New Notes, the merits and risks of investing in the Second 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 Second Further First New Notes and the impact the Second 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 Second 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 Second 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 Second 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 Second Further First New Notes will perform under changing conditions, the resulting effects on the value of the Second Further First New Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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 Second 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 Second Further First New Issuer/Borrower Loan) which may affect the Issuer's ability to make payments of interest and principal on the Second 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 Second Further First New Issuer/Borrower Loan) which may affect the Issuer's ability to make payments of interest and principal on the Second Further First New Notes.

Second 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 Second Further First New Notes is likely to limit their market value. Generally, the market value of the Second Further First New Notes will not rise substantially above the price at which they are redeemed. However, it should be noted that the Second 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 Second 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 Second 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 Second 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 Second Further First New Notes and may only be able to do so at a significantly lower rate. While a premium may be payable to the Second Further First New Noteholders in certain of these circumstances (see further the section of this Prospectus entitled "*Terms and Conditions of the Second Further First New Notes*"),

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 Second 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 Second 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.

RISKS RELATING TO THE UNDERLYING ASSETS

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 Second Further

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

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. For the 2018/19 academic year, 45 per cent. of beds in the Property Portfolio were let on the basis of Nomination Agreements. 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 Second 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 Second 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 Second 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 Second 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.

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 2012/13 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 2014/15 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 or otherwise 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

Dependence on re-letting

The Obligors' ability to repay the Issuer/Borrower Loans (including the Second 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 97 per cent., calculated on the basis of typical students' lease terms (of 9 to 12 months), in the 2018/19 academic year and averaged 97 per cent. over the 3 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 financial stability of tenants and other counterparties*".

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.

The Obligors' occupancy rates for its accommodation were over 95 per cent. for each of the last four academic years (being the 2018/19, 2017/18, 2016/17 and 2015/16 academic years), but there is no guarantee that occupancy rates will remain at the same 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

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 Second 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 Second Further First New Issuer/Borrower Loan), which may in turn affect the Issuer's ability to make payments in respect of the Second 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 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 Blackfriars, the relevant Obligor has procured that the interest of the Obligor Security Trustee is noted on the relevant insurance policy as heritable creditor *primo loco*.

There is a risk that Properties may have been constructed with materials that endanger occupants

Following the Grenfell Tower tragedy on 14 June 2017 at a local authority residential tower, there has been a nationwide review of cladding affixed to residential tower blocks and fire safety procedures in tall buildings. In the aftermath of the tragedy, the Ministry of Housing, Communities and Local Government wrote to local authority and housing association landlords, asking them to identify all their residential tower blocks (specifically properties over 18 metres in height), identify

those residential tower blocks with aluminium type external cladding and inspect those properties to establish whether the cladding panels were made of an aluminium composite material, so that they could be submitted for testing through a process established by the Ministry of Housing, Communities and Local Government.

The Obligor's have undertaken a full fire safety review of all Properties working closely with the Ministry of Housing, Communities and Local Government. Following the Ministry of Housing, Communities and Local Government advice and British Research Establishment testing, it was identified that remedial works were required at Sky Plaza, Leeds and minor adjustments were required at Greetham Street, Portsmouth, which have been completed. Sky Plaza, Leeds was closed for the 2017/18 academic year to carry out the remedial works.

Notwithstanding the fact that Obligor's have each completed the fire safety review in light of the Grenfell Tower tragedy, there is a risk that properties owned by the Obligors may in future be discovered to have been built with materials that are sub-standard, the cause of, or a contributing factor to, a fire or other destruction of properties, or compromise residents' safety. There is also a risk that the government could issue further guidelines in relation to combustible materials, including aluminium composite material cladding, fire safety procedures or otherwise as a result of which it may be necessary for the Obligors to close or refurbish its buildings. If such an event occurs, the Obligors' income from the particular property may be reduced, there may be significant expenses to rebuild the property and rectify the problem and the Obligors' future rents may decrease. The Obligors' brand and reputation may also be harmed. The occurrence of any of these events may have an adverse impact on the Obligors' reputation, business, financial condition, results of operations and prospects.

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 "*Enforcement of the Obligor Security*".

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 Second Further First New Issuer/Borrower Loan and/or to the issuance of the Second Further First New Notes for delivery of updated certificates, reports and a ratings affirmation (other than the Property Portfolio Valuation Report). As such, updated certificates, reports and a rating affirmation as at the Second 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**) and on 8 March 2019 in relation to the 5 additional Properties owned or acquired by Nominee 1 and Nominee 1A as trustees for LP1 acting by its general partner GP1 on 8 March 2019 (the **March 2019 Properties**) and on 30 July 2019 in relation to the 3 additional Properties owned or acquired by Nominee 1 and Nominee 1A as trustees for LP1 acting by its general partner GP1 on 30 July 2019 (the **July 2019 Properties**)), it being noted that:

   (a) McDonald Road, Edinburgh was sold on 30 October 2014;

   (b) The Heights, Birmingham, Buchanan View, Glasgow, Gibson Street, Glasgow, Apollo Court, Liverpool and Capital Gate, Liverpool were sold on 7 April 2017;

   (c) Kirby Street, London was sold on 29 June 2017; and

   (d) Londonderry House, Birmingham, Firth Point, Huddersfield, Snow Island, Huddersfield, Sunlight Apartments, London, Central Point, Plymouth, Discovery Heights, Plymouth, St Teresa House, Plymouth and St Thomas Court, Plymouth were sold on 11 September 2018,

   and are 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:

(a) Nabarro LLP, Walker Morris LLP and Dundas & Wilson LLP in respect of the June 2013 Properties situated in England and Dundas & Wilson CS LLP in respect of the June 2013 Properties situated in Scotland;

(b) Nabarro LLP and Walker Morris LLP in respect of the November 2013 Properties situated in England and Dundas & Wilson CS LLP in respect of the November 2013 Properties situated in Scotland;

(c) Bryan Cave Leighton Paisner LLP in respect of the March 2019 Properties situated in England; and

(d) Walker Morris LLP in respect of the July 2019 Properties situated in England and CMS Legal in respect of the July 2019 Properties situated in Scotland;

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, by CBRE (as environmental consultant), issued on 31 January 2019 in relation to the March 2019 Properties and on 31 January 2019 in relation to the July 2019 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), the building condition surveys prepared by Jones LaSalle prior to the Initial First New Closing Date (in respect of the November 2013 Properties) and the building condition surveys prepared by CBRE on or about January 2019 (in respect of the March 2019 Properties and the July 2019 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 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. 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.

Further general assumptions are set out in the section entitled "*Valuation Assumptions*" of the Property Portfolio Valuation Report contained in Appendix 1 to this Prospectus.

Reliance on the Property Portfolio Valuation Report

The valuation in respect of the Property Portfolio was carried out as at 31 August 2019 and is set out in the valuation report dated 20 September 2019 (the **Property Portfolio Valuation Report**) prepared by CBRE. See the Property Portfolio Valuation Report contained in Appendix 1 to this Prospectus.

The Property Portfolio Valuation Report speaks only as of its valuation date and 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 occupancy and rental rates achievable in respect of certain or all of the Properties, increases in costs or interest rates or other factors. 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 and based on assumptions that may prove to be inaccurate. 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, which may in turn impact the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Second Further First New Issuer/Borrower Loan), which may in turn impact on the Issuer's ability to make payments in respect of the Second Further First New Notes.

Further general assumptions are set out in the section entitled "*Valuation Assumptions*" of the 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* ".

Property acquisition and management involves certain risks

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.

The management of properties also involves a number of inherent risks including reliance on third parties complying with their obligations. Any delays or cost overruns might impact on the Obligors' revenue generated from operations.

Such impacts 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second 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 2016/17, this grant was 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 £25,725 per annum. In Scotland, student loans are only required to be repaid once the student begins to receive an income of over £18,330 per annum. From April 2021 the repayment threshold will increase to £25,000 per annum in Scotland. In addition, the increase in fees in England in 2012 (see "*Change to current United Kingdom government policy on higher education could affect the overall number of students pursuing courses of study and reduce the demand for student accommodation in the Properties*" 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

Change to current United Kingdom government policy on higher education could affect the overall number of students pursuing courses of study and reduce the demand for student accommodation in the Properties

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 newly appointed administration may increase or decrease this amount depending upon its higher education policies. The change in leadership of the government means that there is no guarantee that the new 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.

In respect of universities in Scotland, the Student Awards Agency for Scotland paid 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 2012/13 academic year, universities in Scotland can charge other students (from the rest of the UK) variable fees up to a maximum of £9,250.

In the 2012/13 academic year, UK government policies implementing higher tuition fees temporarily reduced the number of students accepted by universities, with the total number of acceptances decreasing by 5.5 per cent. Consequently, the demand for student housing dropped. While acceptance levels have rebounded and continued to grow since, there can be no assurance that further increases in tuition fees or other changes to the structure of university or student funding would not have similar or more significant adverse effects on student numbers and demand for student housing. For the academic year 2018/19, tuition fees for full time UK and EU students are capped at £9,250 (up from a cap of £3,375 for the academic year 2011/12).

Until the 2014/15 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 to allow universities to recruit unlimited numbers of students from the UK and the EU and to increase the amount that universities receive in the form of tuition fees from them. 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. Also, there can be no assurance that student numbers will remain uncapped in the future. 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.

There can also be no assurance that in the future the government will not restrict the number of international students from the EU or outside the EU permitted to study at UK universities. In the 2018/19 academic year, international students (including those from the EU) constituted approximately 47 per cent. of the Obligors' tenant base. In addition, the number of students from overseas may vary in the event that the government changes its policy on student visas or if any particular university loses its "Highly Trusted Sponsor" status.

The independent panel report following the government's commencement of a review of post-18 education and funding was published on 30 May 2019 (the **Augar Report**). The Augar Report proposed a number of changes to the way higher education is funded, including a reduction in the fees that students pay. However, some or all of these recommendations may not be implemented by the new administration under its higher education policy.

Any further increase in the level of tuition fees and, therefore, the cost of a university education, uncertainty about limits on student numbers or the availability of visas for overseas students may affect the number of prospective students who choose to apply for a place on a course with a university and thereby decrease 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second 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

Changes in university funding, lifting of caps on the total number of UK and EU student places and increases in tuition fee caps have made the UK higher education sector increasingly competitive and may increase variability in enrolment levels. Competition between universities may result in the universities with which the Obligor's have established partnerships or the universities in towns and cities in which the Properties are concentrated becoming less popular with students, which may adversely affect the student numbers applying to that university and therefore demand for the accommodation on offer for students studying at such university.

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. Any change in 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

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* ").

Real estate illiquidity may restrict the Obligors' ability to sell Properties

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.

A change in market sentiment may also significantly affect the liquidity of the student accommodation sector. If there is a requirement to liquidate parts of the Property Portfolio for any reason, including in response to changes in macro-economic conditions, or as a result of the need to raise funds to support operations or developments or to repay outstanding indebtedness, the Obligors may not be able to sell any portion of its portfolio on favourable terms or at all, which would reduce its financial returns and adversely impact its funding strategy.

In such instances, the inability of the Obligors to sell the Properties for adequate consideration and the possibility of fewer sources of demand 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payment in respect of the Second Further First New Notes.

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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

The Obligors may not be able to maintain or increase the rental rates

The rental income and value of the Property Portfolio is dependent on the rental rates that can be achieved from the Properties.

The Augar Report underlines that Higher Education institutions retain a responsibility for delivering value for money, including university accommodation. The Augar Report recommends that the Office for Students should examine the cost of student accommodation more closely to improve the quality and consistency of data about accommodation costs, rents, profits and quality.

Under certain multi-year Nomination Agreements (not residential leases or referral agreements) of the Obligors, there is a contractual rental uplift that is either fixed or linked to an inflation index or open market comparable lettings (or a combination thereof), with a minimum and maximum rental uplift set through caps and/or collars. If the Obligors' expenses increase and it is unable to make a corresponding increase in the rental rates as a result of caps in the Nomination Agreements, this may have an adverse impact on the Obligor's business, financial condition and results of operations.

Any failure to maintain or increase the rental rates may have a Material Adverse Effect on the value of the Properties, as well as the Obligors' business, financial condition, results of operations and prospects.

Rental income is subject to both the rental rate and the letting length. The letting length is in some cases dependent on the dates of the academic year of the university. Changes in the length of academic years may impact on the rental income of the Obligors and the ability of the Obligors to generate summer income. This may in turn affect the value of the Obligors' properties as well as the Obligors' business, financial condition, results of operations and prospects.

Operating expenses may increase that are not offset through an equivalent increase in rents

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.

There can be no guarantee that in the future operating expenses will not increase, or that the Obligor's will be able to offset any increase in operating expenses through a corresponding increase in revenue or rents. Such increases may have a Material Adverse Effect on the Obligors' business, financial conditions or results of operations.

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.

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 Second 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 Second 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 Second Further First New Notes by the Rating Agencies.

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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

Default under Head Leases

In the case of six 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 84 years to 982 years with one lease having 55 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.

Bristol

In the case of Phoenix Court, Bristol, the Head Lease is granted out of a superior lease that sits 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 lease for Phoenix Court, Bristol is for nominal sums.

If the superior landlord (being the estate owner for the time being of any interest in the reversion whether mediate or immediate to the term of years granted by a Lease) 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.

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 Second Further First New Issuer/Borrower Loan), which may in turn impact on the Issuer's ability to make payments in respect of the Second Further First New Notes.

RISKS RELATING TO CHANGES TO THE STRUCTURE AND DOCUMENTS

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 Second Further First New Noteholders

Certain decisions by the Note Trustee may be made without the knowledge or consent of individual Second 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 Second 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 Second Further First New Notes) or any of the Issuer Transaction Documents, subject to certain limitations (as more particularly set out in Conditions 11.7 to 11.9 (*Meetings of Noteholders, modification and waiver*)).

The STID provides that the Obligor Security Trustee shall seek the approval of the Noteholders (including the Second 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 (as more particularly set out in Condition 11.8 (*Meetings of Noteholders, modification and waiver*)). 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 Second 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 and the Note Trust Deed contain provisions for calling meetings of Noteholders (including the Second 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 Second Further First New Noteholders), including Noteholders (including the Second Further First New Noteholders)

who did not vote at the relevant meeting and Noteholders (including the Second 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 Second Further First New Closing Date) and the Note Trust Deed also provide, and the First New Conditions (following amendment on the Second 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 Second 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 Second Further First New Notes), or (ii) determine without the consent of the Noteholders (including the Second 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 Second Further First New Notes) in place of the Issuer.

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 Second Further First New Noteholders) on behalf of the Issuer).

COUNTERPARTY RISKS

Rental income in respect of the Property Portfolio is dependent on the financial 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 above "*Default under the Nomination Agreements in respect of the Property Portfolio*".

An increase default rates, whether from tenants, guarantors or universities, might impact on the revenue generated from operations as well as property valuations and 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

Rental income in respect of the Property Portfolio is partly dependent on the relationships with educational institutions

If the Obligor's fail to maintain a good relationship with universities whether because it provides inadequate service or management of properties, its competitors provide a more attractive proposition or the university changes its property needs, it could adversely impact the university's willingness to supply students for the Obligors' accommodations. There can be no assurance that universities with which the Obligor's currently have a good relationship will continue to have a good relationship.

Following the expiration of Nomination Agreements currently maintained by the Obligors, those universities may not renew Nomination Agreements, either on substantially similar terms or at all. In addition, any dispute with a university, or non-renewal of a particular contract with a university, could damage the relationship with that university and could become known to other universities, which could result in similar disputes with or renegotiations or non-renewal actions being taken by the other universities. The occurrence of any of these events may have an adverse impact on the Obligors' business, financial condition, results of operations and prospects.

The success of each university in terms of student recruitment and retention, and its aspirations to increase its position in national league tables, will be dependent on its academic reputation, the quality of its teaching and research and the popularity of the courses it offers. The success of each university may be affected by the Teaching Excellence and Student Outcomes Framework, dated 9 October 2017 by the government to score universities as to the quality of their teaching. Quality of provision, value for money and the ability to provide an advantage in terms of employability are expected to be the drivers of student choice and future success will likely be based on the ability of an institution to understand a more competitive market dynamic and take best advantage of its market position. There is a risk that any university that does not respond to this dynamic effectively may suffer damage to its reputation and reduced popularity with students, which may adversely affect the student numbers applying to that university and therefore demand for the accommodation on offer for students studying at such university. If any of these events occur, it may not be possible for the Obligors to secure alternative tenants for the relevant residence, depending on the location and other features of such residence, and any alternative use will be unlikely to generate equivalent income to that generated by letting to students.

The occurrence of any of these events, or the reputational decline of any university the Obligors offers accommodation in connection with, may have an adverse impact on the Obligors' business, financial condition, results of operations, cash flows and prospects.

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 Second Further First New Notes). For example, the 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 Second 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 Second Further First New Notes) may be affected.

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

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 Second 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.

OBLIGOR RISKS

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

The obligations of the Borrower are not insured or guaranteed by the other parties involved in the issuance of the Second 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 Second 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 Second Further First New Notes), in which case Second 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 Second Further First New Issuer/Borrower Loan)

The Borrower's ability to meet its obligations under the Issuer/Borrower Loans (including the Second 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 financial stability of tenants and other counterparties*").

If the Borrower is unable to meet its obligations in respect of the Issuer/Borrower Loans (including the Second 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.

Obligors are exposed to changes to health and safety legislation

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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second 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 Second Further First New Issuer/Borrower Loan), which in turn may impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

The Obligors' reputation could be damaged

The Obligors' reputation and brand is important to its business, both with students and with the universities with which the Obligors have relationships, and will continue to be important for its business. There is a risk of accidents at premises owned by the Obligors, health and safety failings, and misconduct or fraud of its staff or third party contractors, 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

Any damage to the Obligors' reputation could also result in a decline in demand for the accommodation, a reduction in occupancy levels or the Obligors' ability to maintain and/or increase rents, which could have a negative impact on property valuations or have an adverse impact on

operations. Any damage to the Obligors' reputation may have an adverse impact on the Obligors' business, financial condition, results of operations and prospects.

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.

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

The operations of the Obligors are highly dependent on technology and communications systems, including internet websites and portals operated by the Obligors. Tenancies, room reservations, collection of rents and deposits and many other elements of the Obligors' business are managed using PRISM, the Obligors' bespoke operating platform. Any crash of the PRISM operating system could result in the Obligor's not being able to process room bookings, lease agreements and rental payments.

The efficient and uninterrupted operation of the systems, technology and networks on which the Obligor's rely and their ability to provide students and universities with reliable access to its services are fundamental to the success of the business. Any damage, malfunction, interruption to or failure of systems, networks or technology used by the Obligors, or a failure to upgrade to and adapt to new systems, networks or technologies could result in a lack of confidence in their services and a possible loss of existing partners or students to its competitors or could expose the Obligors to higher risk or losses, which may have an adverse impact on the Obligors' business, financial condition or results of operations.

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

Consequences of the occurrence of RCF Prepayment Event

If a revolving credit facility is entered into following the Second 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 Second 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.

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 (if any) 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the ability of the Issuer to make payment in respect of the Second Further First New Notes.

For further details on the RCF Remedial Plan or RCF Prepayment Events generally, see the section of this Prospectus entitled "*Summary of the Transaction Documents – Common Terms Agreement* ".

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 Second 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 Second Further First New Noteholders) on whether the Obligor Security Trustee should accelerate the Issuer/Borrower Loans (including the Second 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 "*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 Second 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 Second 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 Second 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 Second Further

First New Issuer/Borrower Loan) in full, in which case the Second 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 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 Second 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 Second 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.

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.

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.

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.

MACRO-ECONOMIC AND MARKET RISKS

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 and as at 30 June 2019 are 11 per cent. higher than in 2018 and overall student visas have also continued to grow and are 13 per cent. higher than in 2018. There can be no assurance that in future years these numbers will not fall as a result of potentially tighter immigration controls and that this fall will not negatively impact numbers of overseas students from outside the EU able to study in UK universities.

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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

General market volatility and post-UK referendum uncertainty

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) persist, in particular with respect to current economic, monetary and political conditions in the Eurozone. If such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any exit(s) by any member state(s) from the European Union and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the UK housing market, the Issuer, one or more of the other parties to the transaction documents (including the seller, the servicer, the account bank and/or the swap providers) and/or any borrower in respect of the underlying loans.

In particular, prospective investors should note that, pursuant to a referendum held in June 2016, the UK voted to leave the European Union and, on 29 March 2017, the UK Government invoked article 50 of the Lisbon Treaty and officially notified the European Union of its decision to withdraw from the European Union. This commenced the formal two-year process of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the European Union (**the article 50 withdrawal agreement**). As part of those negotiations, a transitional period has been agreed in principle which would extend the application of European Union law, and provide for continuing access to the European Union single market, until the end of 2020 and possibly longer.

The article 50 withdrawal agreement has not yet been ratified by the UK or the European Union. The parties have agreed to an extended time line which allows for ratification to take place any time prior to 31 October 2019. To the extent ratification does take place ahead of 31 October 2019, the UK would leave on the first date of the month following ratification. However, it remains uncertain whether the article 50 withdrawal agreement, or any alternative agreement, will be

finalised and ratified by the UK and EU ahead of the deadline. If that deadline of 31 October 2019 is not met, unless the negotiation period is further extended or the Article 50 notification revoked, the Treaty on the European Union and the Treaty on the Functioning of the EU will cease to apply to the UK and the UK will lose access to the EU single market. Whilst continuing to discuss the article 50 withdrawal agreement and political declaration, the UK Government has commenced preparations for a "hard" Brexit (or "no-deal" Brexit) to minimise the risks for firms and businesses associated with an exit with no transitional agreement. This has included publishing draft secondary legislation under powers provided in the EU (Withdrawal) Act 2018 to ensure that there is a functioning statute book after any exit without a transitional period.

Due to the ongoing political uncertainty as regards the terms of the UK's withdrawal from the European Union and the structure of the future relationship, it is not possible to determine the precise impact on general economic conditions in the UK, including the performance of the UK housing market. It is also not possible to determine the precise impact that these matters will have on the business of the Issuer (including the performance of the underlying loans), any other party to the transaction documents and/or any borrower in respect of the underlying loans, or on the regulatory position of any such entity or of the transactions contemplated by the transaction documents under European Union regulation or more generally.

No assurance can be given that any of the matters outlined above would not adversely affect the ability of the Issuer to satisfy its obligations under the notes and/or the market value and/or liquidity of the notes in the secondary market.

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

The ratings to be assigned by the Rating Agencies to the Second 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 Second 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 Second Further First New Notes is lowered or withdrawn, the market value of the Second 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 Second 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 Second 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 Second Further First New Noteholders). While each of the Issuer Secured Creditors (including the Noteholders (including Second 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 Second 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 Second 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 Second 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 Second 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 Second Further First New Notes) and cannot be construed as advice for the benefit of any parties to the transaction of which the Second Further First New Notes form a part.

Certain Rating Agencies (including Fitch) have indicated that they 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.

Demand for accommodation provided by the Obligors may be affected by increasing competition between operators, increasing levels of residential development of student accommodation and the availability of alternative forms of accommodation

The Purpose-Build Student Accommodation sector of the student accommodation market is characterised by approximately ten private operators of at least 6,000 rooms (source: Savills, Spotlight UK Student Housing 2017). There has been an increase in the supply of student accommodation as sustained high levels of investment, primarily through investors providing forward commitments to smaller developers, filters into the development market. The result has been an increased supply of accommodation as student enrolment has grown, increasing 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second 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. Increasing competition in the student accommodation sector may lead to increasing competition for the best properties that are made available for sale and the best development sites, which increases prices and the number of competing bids by potential purchasers. There is a risk that increased competition results in the Obligors failing to secure properties or development sites, or being unable to acquire properties or secure those sites on the best terms. The occurrence of any of these events may have an adverse impact on the Obligors' business, financial condition, results of operations and prospects.

The Obligors will continue to face direct competition in each city in which it operates, including from other owners and operators of student housing, from joint ventures between operators and

universities, and directly from universities that build, develop and operate their own housing stock. In addition, the Obligors will continue to face competition from other forms of accommodation that students could choose. For example, many students choose to live in Houses in Multiple Occupation (**HMOs**). A significant increase in HMOs in any one location may reduce demand for the Obligors' accommodation in that location. Any increase in the popularity of other forms of student accommodation (such as HMOs or an increase in the supply of other forms of student housing) would place greater pressure on rents and occupancy levels which could have an adverse impact on the Obligors' business, financial condition, results of operations and prospects.

The decision of the UK to leave the EU may have a negative effect on the Obligors' business

It is difficult for the Obligor's to assess what the impact of Brexit will be on the Obligors' business, financial condition or results of operations. Depending on the outcome of the UK's future relationship with the EU, this may result in a fall in the number of EU students that come to the UK to study. EU students (from outside the UK) represent 6.6 per cent. of the UK student population (7.5 per cent. of total full time students) as at 30 June 2019 (source: Higher Education Student Data). For the 2018/19 academic year and based on data held for 88 per cent. of the Property Portfolio, 11 per cent. of the beds in Property Portfolio were let to EU students (from outside the UK) and non-EU international students occupied a further 36 per cent. of beds in Property Portfolio. The Obligors are forecasting a 20-25 per cent. decline in the number of EU undergraduates at UK universities by 2023, equating to a fall of around 1 per cent. of total students in 2018, which may reduce demand for accommodation.

The uncertainty surrounding Brexit and the impact of Brexit on the UK economy, the property market, the higher education sector and universities may adversely affect the Obligors' business, financial condition or results of operations which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

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

The Second 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 First New Notes, with which the Second 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 Second Further First New Notes will develop (while not consolidated with the First New Notes) or that the secondary market which has developed in relation to the First New Notes will provide holders of the Second Further First New Notes with liquidity of investment or that it will continue for the life of the Second Further First New Notes. Consequently, prospective investors in the Second Further First New Notes should be aware that they may have to hold the Second Further First New Notes until their maturity to realise their investment. In addition, the liquidity and market value of the Second Further First New Notes may fluctuate with changes in prevailing rates of interest, market perceptions of the risks associated with the Second 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 Second Further First New Notes by Second Further First New Noteholders in any secondary market which may develop may be at a discount to the original purchase price of such Second Further First New Notes.

Assignment of unsolicited ratings may affect the market ratings of the Second Further First New Notes

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

LEGAL AND REGULATORY RISKS

The Obligors may be subject to privacy or data protection failures

The Obligors are subject to regulation regarding the use of private data relating to students and universities, primarily pursuant to the General Data Protecting Regulation (the **GDPR**). The Obligor's process confidential student data as part of its business and must comply with the GDPR in relation thereto. There is a risk that this data could be stolen, lost or disclosed, or processed in breach of data protection regulation. If the Obligor's or any of the third-party service providers on which it relies fails to store or transmit student information in a secure manner, or if any loss of student data were otherwise to occur, the Obligor's could face liability under the GDPR. This could also result in the loss of the goodwill of its tenants and deter new potential tenants, which may have an adverse impact on the Obligors' business, financial condition or results of operations. A breach of the GDPR may also subject the Group to significant financial penalties.

The occurrence of any of these events may have an adverse impact on the Obligors' business, financial condition or results of operations and therefore have an adverse impact on the Issuer's ability to satisfy its obligations under the Notes.

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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second 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 Second 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

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

The structure of the issue of the Notes (including the Second Further First New Notes), the Issuer/Borrower Loans (including the Second 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 Second 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 Second Further First New Notes.

Regulatory initiatives may have an adverse impact on the regulatory treatment of the Second 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 multiple measures for increased regulation which are at various stages of implementation and which may have an adverse impact on the regulatory position of certain investors in asset-based securities 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 Notes are responsible for analysing their own regulatory position, and should consult their own advisers in this respect. None of the Issuer, the Lead Arranger, the Bookrunner, the Obligor Security Trustee, the Issuer Security Trustee or the Note

Trustee makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment at any time.

Investors should note in particular that the Basel Committee on Banking Supervision (**BCBS**) has approved a series of significant changes to the Basel regulatory capital and liquidity framework for prudential regulation (such changes being referred to by the BCBS as Basel III, and referred to, colloquially, as Basel III in respect of reforms finalised prior to 7 December 2017 and Basel IV in respect of reforms finalised on or following that date). The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The BCBS continues to work on new policy initiatives. National implementation of the Basel III/IV reforms may vary those reforms and/or their timing. It should also be noted that changes to prudential requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe. Investors in the Notes are responsible for analysing their own regulatory position and prudential regulation treatment applicable to the Notes and should consult their own advisers in this respect.

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.

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 Second 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 Second Further First New Noteholders, the market value of the Second Further First New Notes and/or the ability of the Issuer to satisfy its obligations under the Second 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 Second Further First New Notes. If any rating assigned to the Second Further First New Notes is lowered, the market value of the Second Further First New Notes may decline.

Volcker Rule

The enactment of the Dodd-Frank Act, which was signed into law on 21 July 2010, imposed a new regulatory framework over the U.S. financial services industry and the U.S. consumer credit markets in general. On 10 December 2013, U.S. regulators adopted final regulations to implement Section 619 of the Dodd-Frank Act. Section 619 of the Dodd-Frank Act added a new section 13 to the Bank Holding Company Act of 1956, commonly referred to as the Volcker Rule.

The Volcker Rule generally prohibits "banking entities" (broadly defined to include U.S. banks, bank holding companies and foreign banking organizations, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in, or sponsoring, a "covered fund" and (iii) entering into certain relationships with such funds, subject to certain exceptions and exclusions. If the Issuer is considered a "covered fund", the liquidity of the market for the Second Further First New Notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes. The Volcker Rule and any similar measures introduced in another relevant jurisdiction may, in addition, have a negative impact on the price and liquidity of the Second Further First New Notes in the secondary market. See "*Volcker Rule may restrict the ability of relevant individual prospective purchasers to invest in the Notes*" for information on the Issuer's status under the Volcker Rule.

There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. The Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Second Further First New Notes. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in the Notes should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each prospective investor must determine for itself whether it is a banking entity subject to regulation under the Volcker Rule. None of the Issuer, USAF, the Borrower, the Lead Manager, the Bookrunner, or any other party to the transaction makes any representation to any prospective investor regarding the application of the Volcker Rule to the Issuer or to such prospective investor's investment in the Second Further First New Notes, as of the date hereof or at any time in the future.

Any prospective investor in any notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding the effects of the Volcker Rule in respect of any investment in the Second Further First New Notes and should conduct its own analysis to determine whether the Issuer is a "covered fund" for its purposes.

Regulators in the United States may promulgate further regulatory changes, and no assurance can be given as to the impact of such changes on the Second Further First New Notes.

Prospective investors should 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 Second Further First New Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Second 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 Second Further First New Notes in the secondary market.

U.S. Risk Retention Requirements

Section 941 of the Dodd-Frank Act amended the Exchange Act to generally require the "securitizer" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for the purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The final rules promulgated under Section 15G of the Exchange Act (the **U.S. Risk Retention Rules**) came into effect on 24 December 2016 with respect to all classes of asset-backed securitizations. The U.S. Risk Retention Rules provide that the securitizer of an asset backed securitization is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The transaction described herein is not structured to comply with the U.S. Risk Retention Rules, and no party to the transaction intends to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the U.S. Risk Retention Rules to the extent the transaction described in this Prospectus is a “securitization transaction” subject to the U.S. Risk Retention Rules. If the U.S. Risk Retention Rules apply, it is intended that the applicable sponsor rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. See “*Certain Regulatory Considerations – U.S. Credit Risk Retention*" for further details..

No Second Further First New Notes which are offered and sold by the Issuer may be purchased by, or for the account or benefit of, any Risk Retention U.S. Person, and any prospective investor in the Second Further First New Notes that is a Risk Retention U.S. Person must disclose such fact to the Issuer, the Bookrunner and the Lead Manager. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S, and that persons who are not "U.S persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules.

Each holder of a Second Further First New Note or a beneficial interest therein acquired on the Second Further First New Closing Date, by its acquisition of a Second Further First New Note or a beneficial interest in a Second Further First New Note, will be deemed, and, in certain circumstances, will be required to make certain representations, as set forth in further detail in “*Subscription and Sale*". There can be no assurance that the restrictions on purchase and transfer of the Second Further First New Notes in this respect will be complied with, that any Risk Retention U.S. Persons will disclose its status to the Issuer in the manner in which such restrictions require, or that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether a failure of the transaction to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes, the market value of the Notes or their secondary market liquidity.

None of the Issuer, the Borrower, the Obligors, the Lead Arranger, the Bookrunner, USAF or any other party or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transaction described in this Prospectus is subject to or complies as a matter of fact with the U.S. Risk Retention Rules on the Second Further First New Closing Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Future regulatory changes may adversely affect the market value of the Second 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 Second Further First New Notes* and "*Noteholders' interests may be adversely affected by a change of law*" 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 Second 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 Second Further First New Notes to sell the Second Further First New Notes and/or (b) the price they receive for the Second Further First New Notes in the secondary market. As a result, the secondary market for debt securities, such as the Second 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 Second 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 Second Further First New Notes.

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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes.

Noteholders' interests may be adversely affected by a change of law

The transactions described in this Prospectus (including the issue of the Second Further First New Notes) and the ratings which are to be assigned to the Second 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 Second 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.

European Market Infrastructure Regulation

The European Market Infrastructure Regulation EU 648/2012 (**EMIR**) (as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 (the **EMIR Refit Regulation**)) which entered into effect on 17 June 2019) and its various delegated regulations and technical standards impose a range of obligations on parties to "over-the-counter" (**OTC**) derivative contracts according to whether they are "financial counterparties" such as investment firms, alternative investment funds, credit institutions and insurance companies, or other 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 be subject to a general obligation to clear through a duly authorised or recognised central counterparty (the **clearing obligation**), all

“eligible” OTC derivative contracts entered into with other counterparties subject to the clearing obligation. They must also report the details of all derivative contracts to a trade repository (the **reporting obligation**), and undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty such as timely confirmation of terms, portfolio reconciliation and compression and the implementation of dispute resolution procedures (the **risk mitigation obligations**). Non-cleared OTC derivatives entered into by financial counterparties must also be marked to market and collateral must be exchanged (the **margin requirement**). To the extent that the Issuer becomes a financial counterparty, this may lead to a termination of any Hedge Agreements or restricting of their terms.

Non-financial counterparties (as defined in EMIR) are exempted from the clearing obligation and certain additional risk mitigation obligations (such as the posting of collateral) provided the gross notional value of all derivative contracts entered into by the non-financial counterparty and other non-financial entities within its “group”, excluding eligible hedging transactions, does not exceed certain thresholds (set per asset class of OTC derivatives). If the Issuer is considered to be a member of a “group” (as defined in EMIR) and if the aggregate notional value of OTC derivative contracts entered into by the Issuer and any non-financial entities within such group exceeds the applicable thresholds, the Issuer would be subject to the clearing obligation, or if the relevant contract is not a type required to be cleared, to the risk mitigation obligations, including the margin requirement. If the Issuer exceeds the applicable thresholds and its swaps become subject to mandatory clearing, this may also lead to a termination of the Hedge Agreements.

If the Issuer becomes subject to the clearing obligation or to the margin requirement, it is unlikely that it would be able to comply with such requirements, which would adversely affect the Issuer’s ability to enter into Hedging Agreements or significantly increase the cost thereof, negatively affecting the Issuer’s ability to hedge its interest rate risk. Such increased costs, additional regulatory requirements and limitations on the ability of the Issuer to hedge interest rate risk may negatively affect the Borrower's ability to make payments to the Issuer in respect of the Issuer/Borrower Loans (including the Second 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 Second 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 Second 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.

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 Second 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 Second 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 "*Recharacterisation risk for 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 Second 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 Second 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.

Recharacterisation risk for 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 which may in turn impact the Issuer's ability to make payments in respect of the Second Further First New Notes. See further the section of this Prospectus entitled "*Fixed security interests may be recharacterised as floating security interests*".

TAX RISKS

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

Transfers of land and other transactions in land in: (a) England and Northern Ireland are generally subject to stamp duty land tax (**SDLT**); (b) Wales are generally subject to land transaction tax (**LTT**), which was introduced on 1 April 2018 and replaces SDLT for transfers of land and other land transactions in Wales with an effective date on or after 1 April 2018; and (c) Scotland are generally subject to land and buildings transaction tax (**LBTT**), which was introduced on 1 April 2015 and replaces SDLT for transfers of land and other land transactions in Scotland with an effective date on or after 1 April 2015 (SDLT, LTT and LBTT together being the **Transfer Taxes**).

Each Transfer Tax is levied on the consideration paid under the relevant land transaction and is subject to the availability of certain reliefs and, where applicable, special rules relating to particular transactions such as those involving partnerships. The rules relating to transactions involving partnerships (such as the Limited Partnerships) apply to transfers of land to partnerships by a partner or a person connected with a partner in that partnership 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 by a partner or a person connected with a partner (including a connected partnership), Transfer Tax is generally chargeable by reference to the market value of the property transferred. However, in respect of transfers between connected partnerships, where certain conditions are met, Transfer Tax may instead be charged on a proportionately reduced amount, calculated by reference to the interest held in either the transferor or transferee partnership by the same person or, in certain circumstances, by connected persons (an **SLP Consideration**).

LP1 acquired the March 2019 Properties from USAF No. 14 Limited Partnership (**LP14**) on 8 March 2019 and the July 2019 Properties from LP14 on 30 July 2019 and paid Transfer Tax on each acquisition by reference to an SLP Consideration, such that the relevant Transfer Tax was not paid by reference to the market value of the relevant Properties. Investors should note that the Transfer Tax rules applicable to partnerships are complicated. If, contrary to the Issuer's understanding, the Transfer Tax payable by LP1 in respect of the acquisition of any March 2019 Property or July 2019 Property was greater than the amount paid, that additional Transfer Tax would be chargeable at the applicable rate of a significant proportion of the market value of the relevant Properties at the time they were transferred (plus interest and penalties). The Transfer Tax would be a liability of each of the partners in LP1 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, a Transfer Tax charge will arise. These rules will apply in relation to the March 2019 Properties and the July 2019 Properties held by LP1, as in each case these were acquired from connected partnerships 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 by the partners in LP1 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, Transfer Tax 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 Transfer Tax in this case would fall on all of the partners in LP1 on a joint and several basis. The Obligor Transaction Documents provide for certain protection to be provided to mitigate the impact on the Notes of any charge to Transfer Taxes on the withdrawal of money or money's worth from LP1, including restrictions on the ability of the General Partners of these Limited Partnerships to take steps which would give rise to any material Transfer Tax charge as a consequence of these rules.

If a liability to pay additional Transfer Tax by reference to the transfer of any Property to LP1 were to arise, or if any subsequent transaction as summarised above gave rise to a liability to Transfer Taxes, the ability of GP1 on behalf of LP1 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 Second 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 Second Further First New Notes.

Value added tax and the Capital Goods Scheme

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 (or not) in the period of ten years following acquisition or construction (as the case may be). In a case where VAT incurred on the acquisition or construction of an item has been recovered and within the subsequent 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.

A number of the Properties are "capital items", in respect of which VAT was recovered on the basis of a lease granted over the relevant Property on which VAT was charged at the zero rate. The Issuer understands that subsequent supplies under those leases were exempt but such exempt

supplies were disregarded under the Capital Goods Scheme disregard provision, such that no adjustment was required to be made to the amount of tax previously recovered.

The transfer of any Property to a Limited Partnership at the time at which it was a capital item fell to be treated as a transfer of a going concern for VAT purposes, such that the transferee inherited the transferor's Capital Goods Scheme position in relation to the Property transferred. However, the Issuer understands that supplies under the leases should continue to be disregarded for the purposes of the application of the Capital Goods Scheme in the hands of the Limited Partnership transferee, such that no liability to repay VAT should arise.

The Issuer understands that if, notwithstanding the above, a liability to repay VAT should arise, the total amount (of approximately £4.8 million) could be due to be repaid to HMRC some of which would be spread over periods lasting potentially up until 2028. 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 Second Further First New Issuer/Borrower Loan), could be adversely affected which would adversely affect the Issuer's ability to make payment on the Second Further First New Notes.

Interest deductibility

In line with the OECD's recommendations under the Base Erosion and Profit Shifting project, new rules were introduced with effect from April 2017 which restrict the deductibility for tax purposes of corporate interest expense for both third party and intra-group borrowing. The restriction is based on a 30 per cent. fixed ratio rule, subject to a supplementary group ratio rule. There is a de minimis threshold of £2 million per year. 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 Second Further First New Notes and/or the ability of the Issuer to satisfy its obligations under the Second 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 Second Further First New Issuer/Borrower Loan), which may in turn impact the Issuer's ability to make payments in respect of the Second 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 Second Further First New Issuer/Borrower Loan) and the Second Further First New Notes.

Issuer not obliged to pay additional amounts in the event withholding tax is levied in respect of the Second 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 Second Further First New Notes (as to which, in relation to United Kingdom tax, see the section of this Prospectus entitled "*Tax Considerations – United Kingdom Taxation*"), neither the Issuer nor any other person will be obliged to pay any additional amounts to Second Further First New Noteholders and/or, if First New Definitive Notes are issued, First New Couponholders or to otherwise compensate Second 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 Second 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.

RISKS RELATING TO THE CHARTACTERISTICS OF THE NOTES

The minimum denomination of the Notes may adversely affect payments on the Notes if issues in definitive form

The Second 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 Second 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 Second Further First New Notes are required to be issued, a Second Further First New Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a definitive Second Further First New Note in respect of such holding and may need to purchase a principal amount of Second Further First New Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If definitive Second Further First New Notes are issued, Second Further First New Noteholders should be aware that definitive Second 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.

Second 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 Second Further First New Notes

The Second 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 Second 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 Second Further First New Global Notes representing the Second 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 Second Further First New Notes.

Unlike the holders of the Second 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 Second 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 Second Further First New Notes.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for Second Further First New Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Second 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 Second 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 Second Further First New Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Second Further First New Noteholders of interest, principal or any other amounts on or in connection with the Second 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 websites set out below:

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

(i) 31 December 2017 (at: https://www.ise.ie/debt_documents/Unite%20(USAF)%20II%20PLC%20-%2031%20Dec%202017%20-%20Signed%20Accounts_aefff76a-ae3c-4a4a-a647-c8b22ec61853.PDF); and

(ii) 31 December 2018 (at https://www.ise.ie/debt_documents/Unite%20(USAF)%20II%20plc%202018%20Final_acc98ea2-7255-4809-8b00-db10b57b4d6c.PDF);

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

(i) 31 December 2017 (at: https://www.ise.ie/debt_documents/USAF%20Finance%20II%20Limited%202017%20Clean_ff19d500-4ce4-42b6-82fe-ca80ad4f848e.PDF); and

(ii) 31 December 2018 (at: https://www.ise.ie/debt_documents/USAF%20Finance%20II%20Limited%202018_1173369e-5411-473f-9f81-ff45f90a0a7a.PDF);

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

(i) 31 December 2017 (at: https://www.ise.ie/debt_documents/USAF%20No%201%20LP%202017%20Signed%20Accounts_4a3d0aaf-59c8-4a3e-8ade-d9f1c1a4125d.PDF); and

(ii) 31 December 2018 (at: https://www.ise.ie/debt_documents/USAF%20No.%201%20LP%20FY18%20Signed%20Stats_dc8bbccd-fa10-42ef-9a82-69573ad1ac71.PDF);

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

(i) 31 December 2017 (at: https://www.ise.ie/debt_documents/USAF%20No%2010%20LP%202017%20Signed%20Accounts_2ce9ad2e-6094-4f25-8f33-e5eaa828761d.PDF); and

(ii) 31 December 2018 (at: https://www.ise.ie/debt_documents/USAF%20No.%2010%20LP%20FY18%20Signed%20Stats_72a32175-e155-4bc9-a286-fc29f468cc5a.PDF);

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

(i) 31 December 2017 (at: https://www.ise.ie/debt_documents/USAF%20No%2011%20LP%202017%20Signed%20Accounts_e5fbafe1-34de-4009-8dbc-962d5f96cb2c.PDF); and

(ii) 31 December 2018 (at: https://www.ise.ie/debt_documents/USAF%20No.%2011%20LP%20FY18%20Signed%20Stats_2cb071d7-ca6c-473d-8a85-9b7aa6927d2a.PDF);

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

(i) 31 December 2017 (at: https://www.ise.ie/debt_documents/USAF%20No%2012%20LP%202017%20Signed%20Accounts_a563ac86-a7ca-43c6-a6d4-3d2703dba311.PDF); and

(ii) 31 December 2018 (at: https://www.ise.ie/debt_documents/USAF%20No.%2012%20LP%20FY18%20Signed%20Stats_33b02c92-a09d-4b07-8120-453a97c7c4a9.PDF);

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

(i) 31 December 2017 (at: https://www.ise.ie/debt_documents/Filbert%20Village%20Student%20Accommodation%20LP%202017%20Signed%20Accounts_adbe5402-7456-40fd-a339-1202b686878b.PDF); and

(ii) 31 December 2018 (at: https://www.ise.ie/debt_documents/Filbert%20Village%20Student%20Accommodation%20LP%20FY18%20Signed%20Stats_3cfc217d-eda7-4b8f-8fe2-aefd8ba0af18.PDF); and

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

(i) 31 December 2017 (at: https://www.ise.ie/debt_documents/LDC%20(Nairn%20Street)%20LP%202017%20Signed%20Accounts_7e37e6c0-0b90-48cd-902c-fe72c96a4b76.PDF); and

(ii) 31 December 2018 (at: https://www.ise.ie/debt_documents/LDC%20(Nairn%20Street)%20LP%20FY18%20Signed%20Stats_6e9544ed-8425-43a5-9ba1-a1fc388bfede.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 Apex Corporate Trustees (UK) Limited (formerly known as Link Corporate Trustees (UK) Limited and 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 South Quay House, Temple Back, Bristol BS1 6FL.

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 a partnership deed dated 18 July 2006 as amended and restated on 29 September 2006, on 7 November 2006 and as further amended and restated on 21 December 2018, LP10 was established under the terms of a partnership deed dated 10 October 2008 as amended and restated on 12 December 2008 and as further amended and restated on 21 December 2018, 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 South Quay House, Temple Back, Bristol BS1 6FL, 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 South Quay House, Temple Back, Bristol BS1 6FL 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 an approximate 10 per cent. partnership interest in each. The UNITE Limited Partner is indirectly wholly owned by UNITE.

Sanne Trustee Services Limited acting in its capacity as trustee of the UNITE UK Student Accommodation Fund (**USAF**) is the sole Limited Partner in each Limited Partnership (other than LPFV and LPNS) with an approximate 90 per cent. partnership interest, the **Limited Partner** for such purpose). The 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**) retired as trustee of USAF on 21 December 2018.

Zedra Trustees (Isle of Man) Limited (acting in its capacity as trustee of the Filbert Street Accommodation Unit Trust (the **Filbert Street Student Accommodation Unit Trust** or **FVUT**) is the sole limited partner in LPFV (the **Limited Partner** for such purpose). The UNITE Discretionary Trust retired as a trustee of the FVUT on 21 December 2018.

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 dated 10 September 2010 and NSMLP was established under the terms of a partnership deed dated 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 South Quay House, Temple Back, Bristol BS1 6FL, 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 as amended by deed of variation dated 7 November 2017 (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: Apex Corporate Trustees (UK) Limited (formerly known as Link Corporate Trustees (UK) Limited and 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: Apex Corporate Trustees (UK) Limited (formerly known as Link Corporate Trustees (UK) Limited and 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.

LF Provider: HSBC UK 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 was 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 and will be further supplemented and amended on the Second Further First New Closing Date to provide 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 Security Trustee: Apex Corporate Trustees (UK) Limited (formerly known as Link Corporate Trustees (UK) Limited and 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 over New Security Assets pursuant to further supplemental deeds thereto dated 8 March 2019, 30 July 2019 and 30 July 2019 (the **Second Supplemental Obligor Deed of Charge**, the **Third Supplemental Obligor Deed of Charge** and the **Fourth Supplemental Obligor Deed of Charge** respectively) and together with the Original Obligor Deed of Charge and the First Supplemental 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 were prepaid in full (together with accrued interest and any related break costs) and all of the available commitment under the Revolving Credit Facility was cancelled. As a result, the Original Limited Partnerships are 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**).

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 Second 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 Second 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**), 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**) and as further supplemented and amended by a supplemental agreement thereto relating to the Second Further First New Notes dated the Second Further First New Closing Date (the **Third Supplemental Agency Agreement**). The Original Agency Agreement, the First Supplemental Agency Agreement, the Second Supplemental Agency Agreement and the Third 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: Apex Trust Corporate Limited (formerly known as 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 Second Further First New Notes, the **Rating Agencies**) are expected to provide a credit rating of Asf and A(sf) (respectively) for the Second 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 Second Further First New Notes (the **Lead Arranger**).

Bookrunner: HSBC Bank plc will act as bookrunner in respect of the issue of the Second 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 SECOND FURTHER FIRST NEW NOTES

Form and denominations:

The Second Further First New Notes will form a single class with the Initial First New Notes and the Further First New Notes, and rank *pro rata* and *pari passu* with all of the Existing Notes from the Second 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 and the Further First New Notes on the exchange of the Second Further First New Temporary Global Note for interests in the Second Further First New Permanent Global Note, which is expected to occur on or about 10 November 2019 (the **Exchange Date**). As such, the section below (where applicable) describes the Initial First New Notes, the Further First New Notes and the Second Further First New Notes (together referred to as the **First New Notes**).

The Second Further First New Notes will be in bearer form and initially be represented by a temporary global note (the **Second 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 Second Further First New Closing Date.

Interests in the Second Further First New Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the **Second Further First New Permanent Global Note**), without Coupons attached, not earlier than 40 days after the Second 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 Second Further First New Notes will be constituted by the Third Supplemental Note Trust Deed to be entered into on the Second 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 Second 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 Second Further First New Notes will be made in accordance with the Issuer Pre-Enforcement Pre-Acceleration Payment Priorities (see "*Payment Priorities*" below).

The Second Further First New Notes and/or First New Coupons (if any) attached will represent the right of the holders thereof (the **Second 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 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 Second Further First New Closing Date (in respect of the Second Further First New Notes only) (the **Initial Interest Payment Date**), commence on (and include) 30 September 2019) 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) 31 December 2019) (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 Second 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 paragraph (a) or (b) 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 paragraph (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 Second Further First New Issuer/Borrower Loan 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 Second Further First New Closing Date (the Second Further First New Issuer/Borrower Loan and the Initial First New Issuer/Borrower Loan and the Further 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 Second 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 Second 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 No Second Further First New Noteholder shall be entitled to take any

non-petition: 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 Second 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 Second 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 Second 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 SECOND FURTHER FIRST NEW ISSUER/BORROWER LOAN

As the Second Further First New Issuer/Borrower Loan 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 Second 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 Second Further First New Closing Date will be deemed, read and construed as a single loan with the Initial First New Issuer/Borrower Loan, the Further First New Issuer/Borrower Loan and the Second Further First New Issuer/Borrower Loan from the Closing Date of such Further Notes.
Purpose:	The Borrower will apply the proceeds of the Second Further First New Issuer/Borrower Loan towards making a loan to LP1 pursuant to the Intra-Group Agreement. LP1 will, in turn, use the proceeds of such loans for general corporate purposes. 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 Second 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 to which New Security Assets were acquired and granted as security for the repayment of the Obligor Loans pursuant to further supplemental deeds thereto (the **Second Supplemental Obligor Deed of Charge**, the **Third Supplemental Obligor Deed of Charge** and the **Fourth Supplemental Obligor Deed of Charge** respectively) (and together with the Original Obligor

Deed of Charge and the First Supplemental 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 Second Further First New Closing Date, there will be 46 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 and Scotland. The Properties known as:

(a) McDonald Road, Edinburgh was sold on 30 October 2014;

(b) The Heights, Birmingham, Buchanan View, Glasgow, Gibson Street, Glasgow, Apollo Court, Liverpool and Capital Gate, Liverpool were sold on 10 April 2017;

(c) Kirby Street, London was sold on 4 July 2017; and

(d) Londonderry House, Birmingham, Firth Point, Huddersfield, Snow Island, Huddersfield, Sunlight Apartments, London, Central Point, Plymouth, Discovery Heights, Plymouth, St Teresa House, Plymouth and St Thomas Court, Plymouth were sold on 13 September 2018,

and are no longer part of the Property Portfolio.

The Properties known as:

(a) Rushford Court, Durham, Houghall College, Durham, Kincardine Court, Manchester, Brass Founders, Sheffield and Beech House, Oxford were acquired by LP1 on 8 March 2019; and

(b) Greetham Street, Portsmouth, Bridge House, Edinburgh and Old Printworks, Edinburgh were acquired by LP1 on 30 July 2019,

and form part of the Property Portfolio.

The Property Portfolio will be 87 per cent. freehold (or, in Scotland, heritable title), 5 per cent. mixed freehold and long leasehold and 8 per cent. long leasehold by value.

As at the Second Further First New Closing Date, each Property is beneficially owned by a Limited Partnership as indicated in the table entitled "*Property Portfolio – Summary of the Property Portfolio as at the Second 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 (source: UNITE).

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 acting by NSMGP), 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 acting by NSMGP), 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. CBRE's student housing valuation team provides regular valuations in respect of £12 billion of assets every year in every major university city in the UK. CBRE had the largest valuation department in the UK and values properties with a combined value in excess of £100 billion a year.

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 – Recharacterisation risk for security over bank accounts*".

Valuation:

The aggregate market value of the Property Portfolio as determined by the Valuer as at 31 August 2019 is £1,633,620,000 (as set out in the Property Portfolio Valuation Report contained in Appendix 1 to this Prospectus).

The aggregate market value of the Property Portfolio was determined by the Valuer as at 31 August 2019 and reflects estimated future 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 August 2019 in respect of the Property Portfolio. On the basis of the aggregate market value for the Property Portfolio, the Loan to Value Ratio of the Existing Issuer/Borrower Loans and the Second Further First New Issuer/Borrower Loan (expressed as a percentage) will be approximately 48 per cent. as at the Second 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 are Aviva Insurance Limited and (in respect of terrorism insurance) Lloyds of London.

Summary of the Property Portfolio:

For a more detailed description of the Property Portfolio, value and current market conditions, 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 Second Further First New Closing Date, there will be 46 Properties in the property portfolio (the **Property Portfolio**), located in 19 towns and cities throughout England and Scotland. The Properties known as:

(a) McDonald Road, Edinburgh was sold on 30 October 2014;

(b) The Heights, Birmingham, Buchanan View, Glasgow, Gibson Street, Glasgow, Apollo Court, Liverpool and Capital Gate, Liverpool were sold on 10 April 2017;

(c) Kirby Street, London was sold on 4 July 2017; and

(d) Londonderry House, Birmingham, Firth Point, Huddersfield, Snow Island, Huddersfield, Sunlight Apartments, London, Central Point, Plymouth, Discovery Heights, Plymouth, St Teresa House, Plymouth and St Thomas Court, Plymouth were sold on 13 September 2018,

are no longer part of the Property Portfolio*.*

The Properties known as:

(a) Rushford Court, Durham, Houghall College, Durham, Kincardine Court, Manchester, Brass Founders, Sheffield and Beech House, Oxford were acquired by LP1 on 8 March 2019; and

(b) Greetham Street, Portsmouth, Bridge House, Edinburgh and Old Printworks, Edinburgh were acquired by LP1 on 30 July 2019,

and form part of the Property Portfolio.

The Property Portfolio, as at the Second Further First New Closing Date, will be 87 per cent. freehold (or, in Scotland, heritable title) and 5 per cent. mixed freehold and long leasehold and 8 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 PropertiesThe 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 aggregate market value of the Property Portfolio as determined by the Valuer as at 31 August 2019 is £1,633,620,000 (as set out in the Property Portfolio Valuation Report contained in Appendix 1 to this Prospectus) as compared to the aggregate market value of the Property Portfolio as at 31 March 2016 of £1,466,060,000 (as set out in the Valuer's reports as at 31 March 2016 based on 52 properties comprising the Property Portfolio at that time) and as at 30 September 2013 and 25 October 2013 an aggregate market value of £1,185,145,000 (as set out in the Valuer's reports as at 30 September 2013 and 25 October 2013 collectively based on 53 properties comprising the Property Portfolio at that time). This valuation growth has been driven by yield compression of 34 basis points from 5.73 per cent. as at March 2016 to 5.39 per cent. as at 31 August 2019 and steady growth in gross income of 2.4 per cent. per annum on a like-for-like basis and continued strong occupancy at an average of 97 per cent. since 2016 (source: UNITE),

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 Second Further First New Issuer/Borrower Loan (expressed as a percentage) will be approximately 46 per cent. as at the Second Further First New Closing Date.

Summary of the Property Portfolio as at the Second 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[3]	Beneficial owner
King Street Exchange	Aberdeen	180	12,650,000	99%	LP1 acting by GP1
The Old Fire Station	Aberdeen	273	17,720,000	99%	LP1 acting by GP1
Spring Gardens	Aberdeen	512	19,420,000	74%	LP1 acting by GP1
Charlton Court	Bath	330	40,850,000	100%	LP12 acting by GP12
Blenheim Court	Bristol	231	25,790,000	100%	LP1 acting by GP1
Cherry Court	Bristol	176	19,820,000	100%	LP1 acting by GP1
Favell House	Bristol	234	18,430,000	100%	LP10 acting by GP10
Marketgate	Bristol	490	46,110,000	100%	LP11 acting by GP11
Phoenix Court	Bristol	277	35,880,000	99%	LP1 acting by GP1
The Rackhay	Bristol	115	8,600,000	100%	LP10 acting by GP10
Houghall Court	Durham	222	20,140,000	98%	LP1 acting by GP1
Rushford Court	Durham	358	39,500,000	81%	LP1 acting by GP1
Chalmers Street	Edinburgh	251	37,030,000	99%	LP12 acting by GP12
Bridge House	Edinburgh	319	26,380,000	100%	LP1 acting by GP1
The Old Printworks	Edinburgh	234	33,250,000	100%	LP1 acting by GP1
Northfield	Exeter	190	21,830,000	99%	LP10 acting by GP10
Blackfriars	Glasgow	519	34,450,000	99%	LP1 acting by GP1
Kelvin Court	Glasgow	477	39,810,000	98%	LPNS acting by GPNS
Sky Plaza	Leeds	533	70,250,000	99%	LP11 acting by GP11
The Plaza	Leeds	967	99,360,000	100%	LP1 acting by GP1
The Tannery	Leeds	496	35,320,000	100%	LP1 acting by GP1
Filbert Village	Leicester	665	37,890,000	99%	LPFV acting by GPFV
Newarke Point	Leicester	653	54,570,000	99%	LP1 acting by GP1
St Martins House	Leicester	148	10,510,000	99%	LP1 acting by GP1
The Grange	Leicester	221	15,920,000	99%	LP1 acting by GP1
Arrad House	Liverpool	75	4,950,000	96%	LP11 acting by GP11
Cambridge Court	Liverpool	474	31,350,000	86%	LP11 acting by GP11
Cedar House	Liverpool	102	7,180,000	72%	LP11 acting by GP11
Grand Central	Liverpool	1,236	81,320,000	98%	LP1 acting by GP1
Larch House	Liverpool	104	2,810,000	74%	LP10 acting by GP10

[3] Occupancy rates are as at the 2018/19 academic year.

Lennon Studios	Liverpool	248	20,560,000	90%	LP11 acting by GP11
Blithehale Court	London	306	78,370,000	98%	LP10 acting by GP10
Emily Bowes Court	London	693	116,310,000	100%	LP12 acting by GP12
Pacific Court	London	142	33,490,000	99%	LP10 acting by GP10
The Holt	Loughborough	264	14,580,000	100%	LP1 acting by GP1
Piccadilly Point	Manchester	588	75,580,000	100%	LP11 acting by GP11
Kincardine Court	Manchester	229	24,730,000	99%	LP1 acting by GP1
Manor Bank	Newcastle	527	32,130,000	98%	LP11 acting by GP11
Riverside Point	Nottingham	484	42,840,000	100%	LP10 acting by GP10
St Peters Court	Nottingham	808	56,360,000	100%	LP1 acting by GP1
Beech House	Oxford	167	26,530,000	100%	LP1 acting by GP1
Greetham Street	Portsmouth	836	70,530,000	100%	LP1 acting by GP1
Crown House	Reading	99	16,080,000	100%	LP10 acting by GP10
Exchange Works	Sheffield	437	29,390,000	95%	LP1 acting by GP1
The Anvil	Sheffield	163	9,660,000	87%	LP10 acting by GP10
Brass Founders	Sheffield	437	37,390,000	85%	LP1 acting by GP1
		17,490	**1,633,620,000**		

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[4]							
Direct Let	13	346	21%	18.8	20%	3,330	19%
Direct Let/Nominations	33	1,288	79%	73.2	80%	14,160	81%
	46	**1,634**	**100%**	**91.9**	**100%**	**17,490**	**100%**
Properties grouped by region							
London	3	228	14%	10.4	11%	1,141	7%
South	10	304	19%	17.1	19%	2,978	17%
Midlands	8	259	16%	15.1	16%	3,410	19%
North	17	622	38%	36.0	39%	7,196	41%
Scotland	8	221	14%	13.3	14%	2,765	16%
	46	**1,634**	**100%**	**91.9**	**100%**	**17,490**	**100%**
Properties grouped by tenure							
Freehold	29	1,195	73%	65.9	72%	12,045	69%
Heritable	8	221	14%	13.3	14%	2,765	16%
Freehold/leasehold	3	85	5%	4.9	5%	936	5%
Leasehold	6	133	8%	7.8	8%	1,744	10%
	46	**1,634**	**100%**	**91.9**	**100%**	**17,490**	**100%**

[4] Details are as at the 2018/19 academic year.

	Number of properties	Market value (£m)	% of total market value	NOI (£m)	% of total NOI	Number of rooms	% of total rooms
Properties grouped by year of completion							
1993	1	26	2%	1.6	2%	319	2%
1994	0	-	0%	0.0	0%	-	0%
1995	0	-	0%	0.0	0%	-	0%
1996	0	-	0%	0.0	0%	-	0%
1997	0	-	0%	0.0	0%	-	0%
1998	0	-	0%	0.0	0%	-	0%
1999	1	31	2%	1.9	2%	474	3%
2000	1	7	0%	0.4	0%	102	1%
2001	6	80	5%	4.9	5%	1,005	6%
2002	2	47	3%	2.9	3%	710	4%
2003	6	186	11%	11.6	13%	2,787	16%
2004	4	124	8%	7.2	8%	1,589	9%
2005	3	117	7%	6.9	7%	1,558	9%
2006	1	43	3%	2.5	3%	484	3%
2007	4	159	10%	9.0	10%	1,693	10%
2008	4	171	10%	9.2	10%	1,398	8%
2009	5	343	21%	16.8	18%	2,113	12%
2010	1	32	2%	1.9	2%	527	3%
2011	0	-	0%	0.0	0%	-	0%
2012	1	40	2%	2.4	3%	477	3%
2013	0	-	0%	0.0	0%	-	0%
2014	0	-	0%	0.0	0%	-	0%
2015	0	-	0%	0.0	0%	-	0%
2016	1	71	4%	4.1	4%	836	5%
2017	3	97	6%	5.3	6%	838	5%
2018	2	60	4%	3.3	4%	580	3%
2019	0	-	0%	0.0	0%	-	0%
	46	**1,634**	**100%**	**91.9**	**100%**	**17,490**	**100%**
Properties grouped by occupancy level							
72 to 85%	5	106	7%	6.7	7%	1,513	9%
85 to 95%	3	62	4%	3.8	4%	885	5%
95 to 100%	38	1,466	90%	81.4	89%	15,092	86%
	46	**1,634**	**100%**	**91.9**	**100%**	**17,490**	**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, 45 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 2018/19 academic year, 20 per cent. of the beds in the Properties have been sold under Nomination Agreements for two or more years as compared to 15 per cent. of the beds in the Properties in the 2015/16 academic year and 5 per

cent of the beds in the Properties in the 2012/13 academic year. As at August 2019, the average remaining life of these agreements is 3.9 years. (Source: UNITE).

Parts of some Properties are also subject to Commercial Leases which generate approximately an aggregate gross rental income of £742,000 per annum. In addition, further sundry income is received from laundry, car parking and vending machine services.

The aggregate gross income of the Property Portfolio for the 2019/2020 academic year at the date of this Prospectus, is forecast to be approximately £121,470,000 based on 96.1 per cent advance bookings of student accommodation as compared to £113,400,000 for the 2015/16 academic year and as compared to £98,000,000 in the 2012/13 academic year (in each case, based on the properties comprising the Property Portfolio as at that time).

The Projected Cashflow ICR of the Property Portfolio as at the date of this Prospectus is 2.65. This leaves headroom for net operating income to fall 44 per cent. before there is a Finanial Covenant Ratio Breach as a result of the Projected Cashflow ICR financial covenant falling below 1.50.

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 acting by NSMGP). 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 as amended and restated on 5 May 2010 and as further supplemented on 6 November 2015, 16 December 2015 and 7 November 2017, 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, or 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 Second 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 August 2019) (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 of this Prospectus).

Property	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	12,650,000	-	12,650,000	833	840	846	852	859	864	870	876	881	887
The Old Fire Station	Aberdeen	17,720,000	-	17,720,000	1,144	1,152	1,160	1,167	1,174	1,182	1,188	1,195	1,201	1,207
Spring Gardens	Aberdeen	19,420,000	-	19,420,000	1,474	1,479	1,483	1,486	1,489	1,492	1,494	1,495	1,495	1,495
Charlton Court	Bath	40,850,000	-	40,850,000	2,022	2,058	2,116	2,177	2,239	2,303	2,369	2,436	2,506	2,577
Blenheim Court	Bristol	25,060,000	730,000	25,790,000	1,402	1,442	1,483	1,526	1,569	1,614	1,660	1,708	1,756	1,806
Cherry Court	Bristol	19,820,000	-	19,820,000	1,145	1,177	1,211	1,246	1,282	1,318	1,356	1,395	1,435	1,476
Favell House	Bristol	17,110,000	1,320,000	18,430,000	1,064	1,065	1,094	1,125	1,157	1,189	1,222	1,257	1,292	1,328
Marketgate	Bristol	46,110,000	-	46,110,000	2,548	2,621	2,695	2,771	2,850	2,931	3,014	3,099	3,186	3,277
Phoenix Court	Bristol	35,160,000	720,000	35,880,000	1,898	1,940	1,995	2,053	2,112	2,172	2,235	2,299	2,365	2,433
The Rackhay	Bristol	8,600,000	-	8,600,000	535	550	565	581	597	614	631	649	667	686
Houghall Court	Durham	20,140,000	-	20,140,000	1,129	1,153	1,178	1,204	1,230	1,256	1,283	1,310	1,338	1,367
Rushford Court	Durham	39,500,000	-	39,500,000	2,210	2,259	2,310	2,361	2,413	2,466	2,521	2,576	2,633	2,691
Chalmers Street	Edinburgh	37,030,000	-	37,030,000	1,951	2,007	2,065	2,125	2,186	2,249	2,314	2,381	2,450	2,521
Bridge House	Edinburgh	26,380,000	-	26,380,000	1,636	1,664	1,711	1,759	1,809	1,860	1,913	1,967	2,022	2,079
The Old Printworks	Edinburgh	33,250,000	-	33,250,000	1,743	1,794	1,845	1,898	1,953	2,010	2,067	2,127	2,188	2,251
Northfield	Exeter	21,830,000	-	21,830,000	1,237	1,272	1,309	1,346	1,385	1,424	1,465	1,507	1,550	1,595
Blackfriars	Glasgow	34,450,000	-	34,450,000	2,130	2,159	2,189	2,218	2,248	2,278	2,307	2,337	2,367	2,397
Kelvin Court	Glasgow	39,810,000	-	39,810,000	2,397	2,433	2,469	2,505	2,542	2,579	2,616	2,654	2,692	2,730
Sky Plaza	Leeds	69,580,000	670,000	70,250,000	3,852	3,963	4,077	4,194	4,315	4,439	4,567	4,698	4,834	4,973
The Plaza	Leeds	99,360,000	-	99,360,000	5,504	5,620	5,780	5,945	6,114	6,288	6,467	6,650	6,839	7,034

Property	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
The Tannery	Leeds	35,210,000	110,000	35,320,000	2,045	2,054	2,111	2,170	2,230	2,292	2,356	2,422	2,489	2,558
Filbert Village	Leicester	37,890,000	-	37,890,000	2,434	2,420	2,469	2,519	2,569	2,620	2,672	2,725	2,779	2,834
Newarke Point	Leicester	54,570,000	-	54,570,000	3,048	3,038	3,102	3,168	3,234	3,302	3,372	3,442	3,514	3,588
St Martins House	Leicester	10,510,000	-	10,510,000	628	629	642	656	669	683	697	712	726	741
The Grange	Leicester	15,710,000	210,000	15,920,000	981	979	999	1,020	1,042	1,063	1,086	1,108	1,131	1,154
Arrad House	Liverpool	4,410,000	540,000	4,950,000	274	269	273	276	279	283	286	290	293	296
Cambridge Court	Liverpool	31,350,000	-	31,350,000	1,942	1,969	1,996	2,024	2,051	2,078	2,106	2,133	2,161	2,188
Cedar House	Liverpool	7,180,000	-	7,180,000	447	454	460	467	473	480	486	493	500	506
Grand Central	Liverpool	80,610,000	710,000	81,320,000	5,001	5,070	5,139	5,209	5,278	5,348	5,418	5,489	5,559	5,629
Larch House	Liverpool	2,810,000	-	2,810,000	247	250	252	254	256	258	260	262	263	265
Lennon Studios	Liverpool	20,560,000	-	20,560,000	1,268	1,288	1,307	1,326	1,346	1,366	1,386	1,406	1,426	1,446
Blithehale Court	London	77,110,000	1,260,000	78,370,000	3,326	3,422	3,522	3,624	3,729	3,837	3,948	4,062	4,180	4,301
Emily Bowes Court	London	116,310,000	-	116,310,000	5,516	5,640	5,801	5,967	6,138	6,313	6,493	6,678	6,869	7,065
Pacific Court	London	33,490,000	-	33,490,000	1,496	1,539	1,584	1,629	1,677	1,725	1,775	1,826	1,879	1,933
The Holt	Loughborough	14,580,000	-	14,580,000	922	940	959	978	998	1,017	1,037	1,058	1,079	1,100
Piccadilly Point	Manchester	75,580,000	-	75,580,000	3,945	4,017	4,133	4,251	4,373	4,499	4,628	4,761	4,897	5,037
Kincardine Court	Manchester	24,730,000	-	24,730,000	1,315	1,353	1,391	1,431	1,472	1,514	1,557	1,601	1,646	1,693
Manor Bank	Newcastle	32,130,000	-	32,130,000	1,949	1,975	2,001	2,028	2,054	2,080	2,106	2,133	2,159	2,185
Riverside Point	Nottingham	42,840,000	-	42,840,000	2,503	2,574	2,647	2,722	2,799	2,879	2,960	3,044	3,130	3,218

Property	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
St Peters Court	Nottingham	56,360,000	-	56,360,000	3,280	3,372	3,466	3,563	3,662	3,764	3,868	3,976	4,087	4,200
Beech House	Oxford	26,530,000	-	26,530,000	1,246	1,282	1,319	1,357	1,397	1,437	1,478	1,521	1,565	1,610
Greetham Street	Portsmouth	70,530,000	-	70,530,000	4,067	4,182	4,300	4,421	4,546	4,674	4,806	4,941	5,081	5,224
Crown House	Reading	15,040,000	1,040,000	16,080,000	838	859	884	909	936	963	991	1,020	1,049	1,079
Exchange Works	Sheffield	28,770,000	620,000	29,390,000	1,711	1,746	1,782	1,819	1,856	1,894	1,932	1,971	2,011	2,052
The Anvil	Sheffield	9,660,000	-	9,660,000	596	608	620	633	646	659	672	685	699	713
Brass Founders	Sheffield	37,390,000	-	37,390,000	2,295	2,345	2,396	2,448	2,501	2,555	2,610	2,666	2,723	2,782

SUMMARY OF THE TRANSACTION DOCUMENTS

The following is intended only to be a summary of certain provisions of the principal transaction documents.

GENERAL OVERVIEW

The RCF Provider (if any) , the LF Provider and the Issuer all benefit from common terms under their relevant Obligor Facility Agreement and a common security package granted by the 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 RCF Provider (if any), the 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 were prepaid in full (together with accrued interest and any related break costs) and all of the available commitment under the Revolving Credit Facility was cancelled. The Original RCF Provider has ceased to be a party to the CTA and the STID from the Further First New Closing Date and, accordingly, has ceased 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

The representations and warranties, covenants, liquidity events, lock-up events, trigger events and events of default on the basis of which the RCF Provider (if any) will agree to enter into a Revolving Credit Facility Agreement, the 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 a further Issuer/Borrower Facility (the **Further First New Issuer/Borrower Facility**) on the Further First New Closing Date and a further Issuer/Borrower Facility (the **Second Further First New Issuer/Borrower Facility**) on the Second 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 and the Further First New Issuer/Borrower Facility from the Second Further First New Closing Date (the Initial First New Issuer/Borrower Facility and the Further First New Issuer/Borrower Facility and the Second 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 RCF Provider (if any), the LF Provider and the Issuer), the Obligor Security Trustee, the Issuer Security Trustee and the Note Trustee.

Financial Covenant Ratios

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

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

(a) the Loan to Value Ratio is greater than 80 per cent.;

(b) the Historic Cashflow ICR is lower than 1.50; or

(c) the Projected Cashflow ICR is lower than 1.50.

Test Date means 31 March, 30 June, 30 September and 31 December in each year following the 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 Agreement) 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 (but which have been sold and are no longer part of the Property Portfolio)) at all times with a suitable and reputable insurer, such insurance provider as at the Second Further First New Closing Date being Aviva Insurance Limited and (in respect of terrorism insurance) Lloyds of London;

(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 this "*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 as further increased to £13,240,000 on the Further First New Closing Date and as will be further increased to £14,910,000 on the Second 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 (if any) 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 (if any) 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 (if any));

(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 (if any);

(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 (if any);

(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 (if any) 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 or the Fourth 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 (if any);

(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 (if any) 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 Second Further First New Closing Date pursuant to the Issuer/Borrower Facilities Agreement (the **Second Further First New Issuer/Borrower Loan**), towards making certain loans to the Limited Partnerships under the Intra-Group Loans for general corporate purposes.

The Second Further First New Issuer/Borrower Loan 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 Second 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 paid 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 the Second 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 **Second 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 Second 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 further supplemented and amended on the Further First New Closing Date and to be further supplemented and amended on the Second 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 was 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 new revolving credit facility following the Second 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 new 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 was increased to £13,240,000 on the Further First New Closing Date and as will be further increased to £14,910,000 on the Second 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 and the Further First New Closing Date. A further arrangement fee will be payable by the Issuer on the Second 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 and to which New Security Assets were included on 8 March 2019, 30 July 2019 and 30 July 2019 pursuant to the Second Supplemental Obligor Deed of Charge, the Third Supplemental Obligor Deed of Charge and the Fourth Supplemental Obligor Deed of Charge respectively.

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 LP1's acquisition of a number of Properties from USAF No. 4 Limited Partnership (**LP4**), USAF No. 5 Limited Partnership (**LP5**) and USAF No. 6 Limited Partnership (**LP6**) on the Initial Closing Date, in the case of LP1, 3 years of the last to occur of LP11's acquisition of a number of Properties from LP8 on the Initial First New Closing Date, 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 was 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 were constituted and which will be further supplemented and amended on the Second Further First New Closing Date by supplemental deed thereto (the **Third Supplemental Note Trust Deed**) pursuant to which the Second Further First New Notes will be constituted (together with the Original Note Trust Deed, the First Supplemental Note Trust Deed and the Second Supplemental Note Trust Deed, 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 Euronext Dublin;

(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 Euronext Dublin) 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 Euronext Dublin 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 as supplemented and amended on the Further First New Closing Date in respect of the Further First New Notes by the Second Supplemental Agency Agreement, and which will be further supplemented and amended on the Second Further First New Closing Date in respect of the Second Further First New Notes by the Third 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, Euronext Dublin 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 51,000 beds in 125 centrally located properties in 22 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 a member of the FTSE-250 index of companies, with a market capitalisation of approximately £3.1 billion as at 19 September 2019. UNITE has raised approximately £430 million of new share capital in the period from March 2016.

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.

On 7 April 2016, Mark Allan stepped down as Chief Executive Officer but remained with UNITE in an advisory role until 31 October 2016. Richard Smith was promoted to Chief Executive Officer, with effect from 1 July 2016.

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 51,000 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.

On 3 July 2019, UNITE announced that it has agreed to acquire Liberty Living Group plc (**Liberty Living**) from Liberty Living Holdings Inc. The Liberty Living portfolio comprises 43 properties valued at £1.9 billion as at 31 May 2019 by by a reputable valuer. These properties are located in 19 towns and cities across the UK providing 20,541 beds and are aligned to high and mid-ranked universities. Liberty Living currently maintains relationships with 35 universities and other education providers and the average remaining length of Liberty Living’s nomination agreements is 6 years. The acquisition represents a transformative opportunity to combine two complementary and high quality portfolios to drive meaningful earnings accretion, improve visibility of earnings, reinforce UNITE’s position as a leading operator of purpose built student accommodation in the UK, deliver significant benefits of scale, sustain medium term rental growth prospects and strengthen UNITE’s university relationships. The acquisition is expected to close during the last quarter of 2019.

Following the Grenfell Tower tragedy on 14 June 2017 at a local authority residential tower, there has been a nationwide review of cladding affixed to residential tower blocks and fire safety procedures in tall buildings. In the aftermath of the tragedy, UNITE carried out a full fire safety review of all Properties working closely with the Ministry of Housing, Communities and Local Government. Following the Ministry of Housing, Communities and Local Government advice and British Research Establishment testing, it was identified that remedial works were identified for Sky Plaza, Leeds and minor adjustments were required at Greetham Street, Portsmouth, which have been completed. UNITE continues to work closely with Avon Fire & Rescue as its primary authority in respect of fire safety matters which ensures the continued development, implementation and sharing of best practicses. UNITE has also updated its existing fire preventation and reporting measures to include an extra precaution staff trained in fire safety and evacuation procedures 24 hours a day at all Properties.

The registered office of UNITE is South Quay House, Temple Back, Bristol BS1 6FL.

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 70 properties (of which 46 properties constitute the Property Portfolio) valued at £2.4 billion which are located in 21 cities across the UK providing 24,759 bed spaces. (Source: UNITE).

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 a capital raise in June 2015, raising £306 million of equity and its most recent capital raise in May 2019, raising £250 million of equity.

USAF has over 80 investors. UNITE is the largest investor with a current co-investment stake of 25.3 per cent. UNITE also acts as manager of USAF and operates its properties.

As part of UNITE's acquisition of Liberty Living, USAF will acquire certain properties in Cardiff comprising 3,480 beds from Liberty Living for £253 million. As at the 2017/18 academic year, Cardiff is an established purpose built student accommodation market with approximately 38,500 full time students across three universities including the University of Cardiff (a Russell Group University) (source: Higher Education Student Statistics: UK, 2017/18) and is currently ranked 32 in the Times Good University Guide (source: Times Higher Education: Best Universities in the UK 2019). The acquisition supports USAF's strategy of aligning its property portfolio with high and medium tier universities.

The UK student accommodation market

Full-time student numbers

Total full time students grew by 2.6 per cent. from 1.80 million in the 2016/17 academic year to 1.84 million in the 2017/18 academic year. The largest percentage growth is seen with non EU students, which grew by 5 per cent. from 284,000 in the 2016/17 academic year to 297,185 in the 2017/18 academic year. Total students from outside the UK grew by 4.4 per cent. from 404,225 full time students in the 2016/17 academic year to 422,310 full time students in the 2017/18 academic year (source: Higher Education Student Statistics: UK, 2016/17 - 2017/18).

Overall applicants for the 2018/19 academic year marginally declined 1 per cent. from 699,850 in the 2017/18 academic year to 695,565 in the 2018/19 academic year. UK students were the substantial reason for the decline, down 2 per cent. from 572,285 in the 2017/18 academic year to 561,615 in the 2018/19 academic year. The decline is linked to the current population decline of 18-20 year olds but is forecasted by the Office for National Statistics to reverse in 2022. The post referendum dip in EU student applicants recovered by growing by 3 per cent. from 51,185 in the 2017/18 academic year to 52,620 in the 2018/19 academic year. The largest increase in overall applicants is with non EU students, where applicants grew 6 per cent. from 76,380 in the 2017/18 academic year to 81,325 in the 2018/19 academic year. (Source: UCAS 17/18 – 18/19).

Overall acceptances did not substantially change, moving from 533,890 in the 2017/18 academic year to 533,360 in the 2018/19 academic year, with UK students the main cause for the slight decline as their acceptances declined 1 per cent. from 462,945 in the 2017/18 academic year to 459,285 in the 2018/19 academic year. However, acceptances from both EU and non EU students

grew with acceptances from EU students growing by 5 per cent. from 30,700 in the 2017/18 academic year to 31,855 in the 2018/19 academic year and from non EU students growing by 4 per cent. from 40,245 in the 2017/18 academic year to 42,220 in the 2018/19 academic year. (Source: UCAS 17/18-18/19).

Year on year change in applications by age and domicile (between 30 June 2018 and 30 June 2019) – (Source: UCAS)

	Change in applications	% YoY
UK 18-year-olds	+2,600	+1.0%
All other UK	-8,020	-3.4%
Other EU	+520	+1.0%
Non-EU	+5,960	+7.9%
	+1,060	0.2%

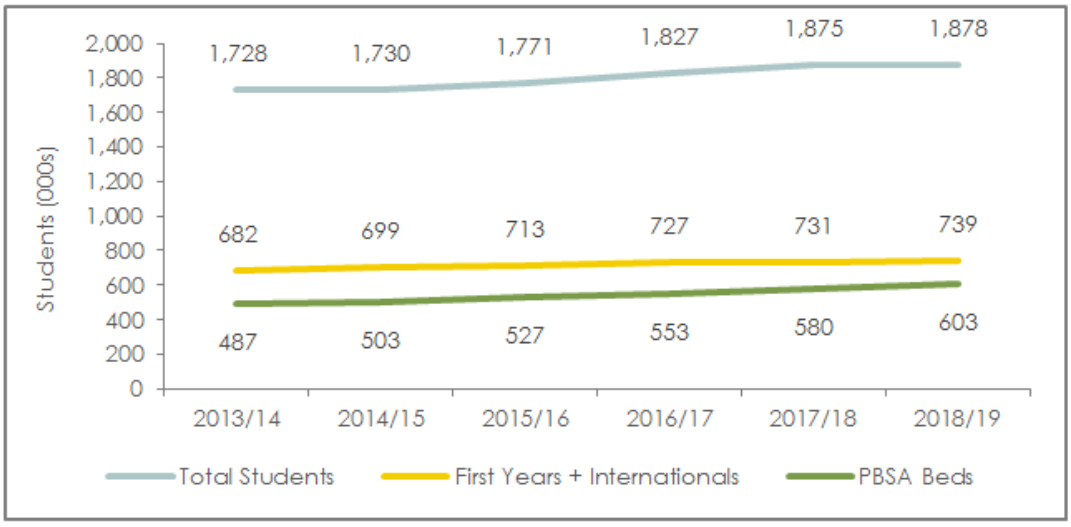
Demand for high tariff and medium tariff universities remains strong with continued year on year growth in applications and acceptances particularly in 18 year olds in the UK, other EU students and non-EU students (source**:** UNITE – UCAS 12/13 – 18/19 Data). USAF's portfolio of high quality properties 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 97 per cent. (source: UNITE), calculated on the basis of typical students' lease terms (of 9 to 12 months) in the 2018/19 academic year, and averaged approximately 97 per cent. (source: UNITE) over the four academic years since 2015/16. The Property Portfolio has experienced rental growth of an average of 2.4 per cent. per annum since 2015/16 on a like for like basis (source: UNITE). This rental growth has 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 and to £1.6 billion as at 1 August 2019 (in each case based on the properties comprising the Property Portfolio as at that time).

Supply and demand imbalance

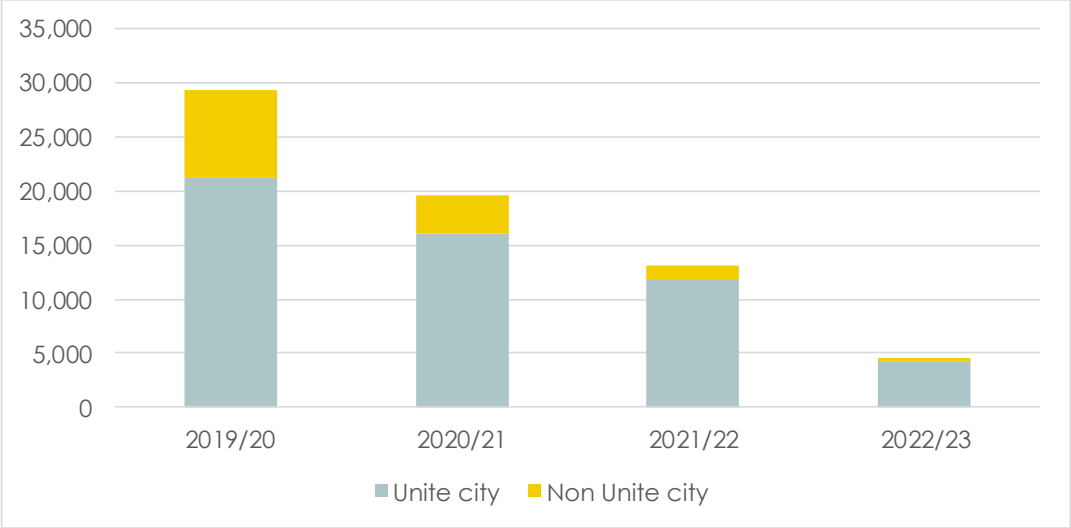
A supply and demand imbalance persists in the student accommodation sector. In the period since 1991, universities have generally been unable to fund their own construction of sufficient new student accommodation. This has greatly increased reliance on the private sector to provide this.

Students and supply – (source: UNITE)



New corporate student bed supply levels are estimated by UNITE to total approximately 65,000 beds between 2019/20 to 2022/23. Of this total, approximately 4,800 beds will be provided by UNITE (source: UNITE).

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



UNITE expects a continued requirement for new student accommodation as current demand of full time students seeking accommodation continues to outstrip the supply of student beds in the majority of UK cities (source: UNITE).

The private rental sector faces tougher regulations as most major UK cities have ”Article 4 Directions” (as made under the Town and Country Planning (General Permitted Development) Order 1995, as amended) in place that require planning permission for the creation of new Houses Of Multiple Occupancy (**HMO**). In England, licensing became mandatory in 2018 for HMOs for 5 or more people (3 or more people in Scotland) in an attempt to raise the living conditions. Some councils in England have imposed additional licensing on HMOs for 3 or more people across the city or in specific areas of concern, usually areas with high student HMO.

Additionally, the lack of new and current housing stock to meet the demands of the population especially for young families has seen some councils actively promote the creation of purpose built student accommodation to free up housing stock.

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

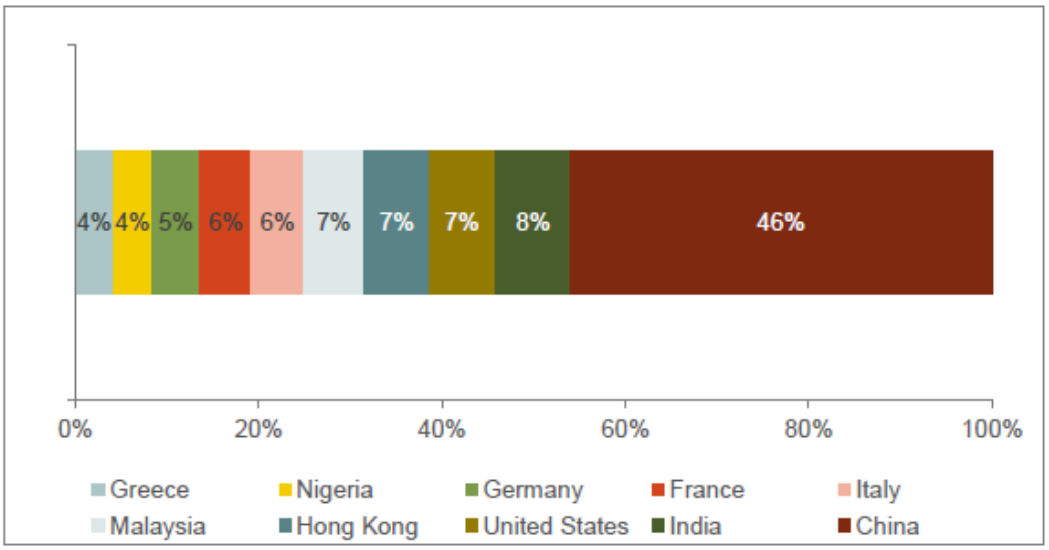
International student numbers have increased by 34,050 (by 9 per cent.) in 5 years from 388,260 in the 2013/14 academic year to 422,310 in the 2017/18 academic year. The proportion of full-time international students increased by 1 per cent. from 22 per cent. in the 2016/17 academic year to 23 per cent. in the 2018/19 academic year. This demonstrates the continued appeal and strong global reputation of UK higher education institutions. (Source: Higher Education Student Statistics: UK, 2013/14 – 2017/18).

The strength of UK institutions, with 58 UK universities in the top 200 of The Times Higher Education's European University Ranking, 11 UK universities in the top 100 of the Times Higher Education's World University Ranking 2019 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 422,310 full time students in the 2017/18 academic year (source: Times Higher Education: Best Universities in the UK 2019, Times Higher Education: Best Universities in Europe 2019, and Higher Education Student Statistics: UK, 2017/18).

In 2012 the government implemented immigration controls and abolished the 2 year post-study work visa which saw international student numbers decline. In 2018 higher education sponsored visas recovered to 228,198 their highest level since 2011.

The government has a target for 30 per cent. growth in international students by 2030 (source: UNITE) (as compared to the number of international students in the 2017/18 academic year) which is supported by an increased number of universities offering three year accommodation guarantees to international students.

Top 10 International Full Time Student Domiciles (source: Property Portfolio Valuation Report)

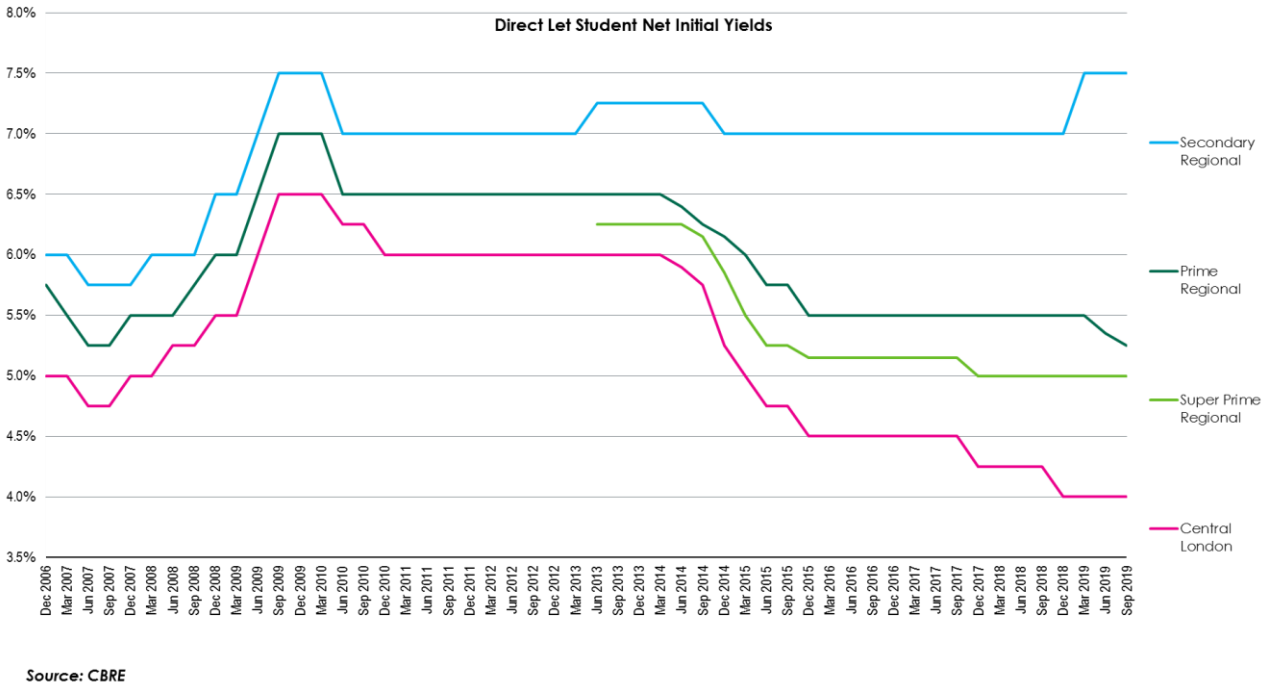


The investment market in purpose-built student accommodation

Transactions in student accommodation have remained strong with properties with an aggregate value of over £3 billion traded in 2018 and £1 billion in the first 6 months of 2019 (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).

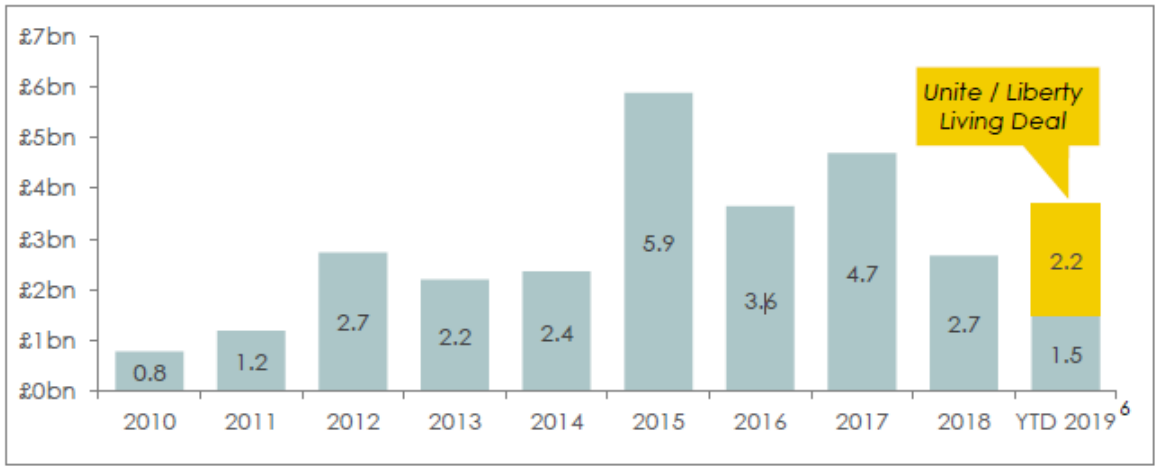
Transactions have been concentrated in London, which is rated the world's most popular destination for international students (source: Times Higher Education and student.com survey) and the prime regional sectors of the market (please see the graph below for further details). The overall USAF portfolio 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 prospectives, resilience in occupancy levels and an increase in the number of beds subject to long-term agreements (source: UNITE). Further compression of 40 basis points to 5.25 per cent. (as at 30 June 2019) has been experienced since March 2016 (source: UNITE). This structural yield compression has been firmly underpinned by the prospect for continued rental growth.

Direct Let Student Net Initial Yields for bext in class assets[5] - (source: Property Portfolio Valuation Report)



Source: CBRE

Investment into Student Accomodation since 2010 (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 37 per cent. of Unite's nationwide customers come from outside the UK, with 28 per cent. from outside the EU),

[5]:
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.

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 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 per cent.
2009/10	96 per cent.
2010/11	97 per cent.
2011/12	99 per cent.
2012/13[6]	95 per cent.
2013/14	98 per cent.
2014/15	98 per cent.
2015/16	98 per cent.
2016/17	97 per cent.
2017/18	99 per cent.
2018/19	97 per cent.

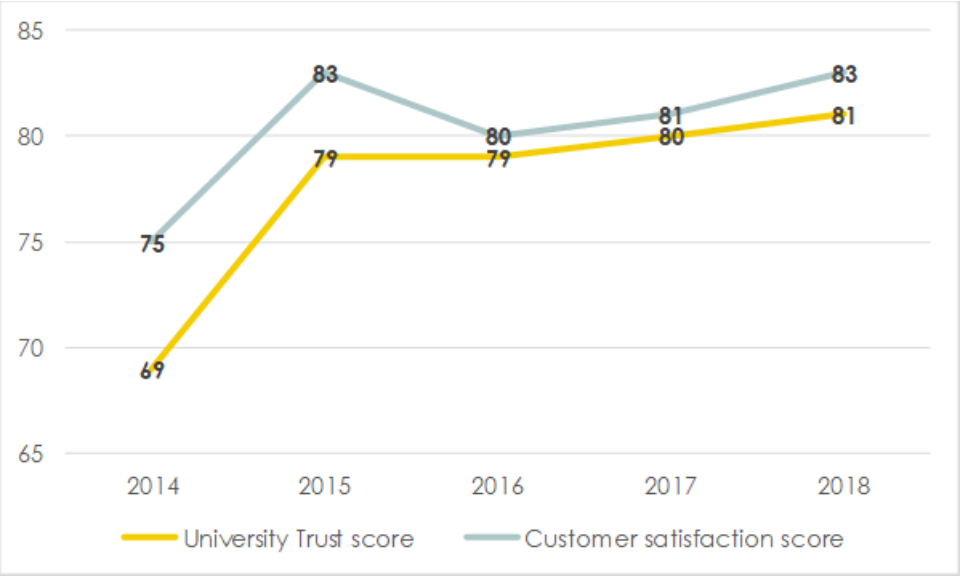
There has been a strong uptake in bookings for the next academic year. As at 30 April 2019, bookings for 2019/2020 were 80 per cent., which is at a similar level to the bookings at the same time in the previous year and 7 per cent. higher than at the same point in 2016 .

USAF manages its debt by obtaining parental guarantees and requiring rent to be paid by direct debit termly in advance, where possible. As a result, bad debt is less than 0.25 per cent. of its total rent and has averaged this amount since 2016.

[6] USAF experienced a temporary drop in occupancy in the 2012/13 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.

Customer satisfaction and university trust score – (source: UNITE)

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 2018 this score was 83, up from 72 in 2013 and in line with the 83 scored in 2015.



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.

For 2018/19, 20 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 3.9 years.

A further 25 per cent. of the total beds for the 2018/19 academic year have been sold under Nomination Agreements for one year. There has been a high rate of renewal of these agreements, with 95 per cent. of the Nomination Agreements currently in place across UNITE as a whole having been renewed from a previous agreement. This represents a 5 per cent. increase in the number of beds sold under long term agreements since 2015/16.

This trend to a higher proportion of beds sold under long term agreements has further underpinned long-term occupancy (source: UNITE).

Capital expenditure

USAF has carried out significant capital expenditure on all its properties over the last two years. The Properties in the Property Portfolio will have benefited from capital expenditure of approximately £25 million over the three years to 31 December 2016. Since 2016/17 investment has continued with £38 million spent on the Property Portfolio.

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.

The new UNITE operating system, PRISM, is operational and is enabling increased operating efficiency and improved revenue management, such as dynamic pricing and room management, to be implemented.

USAF has also continued to carry out its programme of property refurbishment and bed upgrades. Lifecycle renewals are carried out at properties on an eight year cycle and typical expenditure is £0.3 million to £0.5 million per property. A full fire risk assessment of the Property Portfolio was also carried out after the 2017 Grenfell Tower fire and remedial actions taken where identified. Additionally, remedial works were undertaken at Sky Plaza, Leeds including replacing the exterior cladding of the building and including a sprinkler system, among other planned lifecycle works. During these remedial works, this property was closed for the 2017/18 academic year.

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.

USAF has pursued a strategy of selling properties and recycling the proceeds by acquiring properties in better long-term strategic locations. The Property Portfolio has disposed of 14 properties with an aggregate value of £285 million since 2016. The average age of these disposed properties was 14 years, with a yield of 6.0 per cent., and occupancy at 95 per cent. across 4,110 beds. In 2019, the Property Portfolio acquired 8 new properties with an aggregate value of £276 million, with an average age of 6 years, with a yield of 5.3 per cent., and occupancy at 95 per cent. across 2,801 beds.

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 in most locations, 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 Unite achieving its joint highest ever customer satisfaction score in the survey it carried out in 2018.

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 approximately 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 joint highest score in 2018.

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 (source: UNITE).

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 25.3 per cent. stake it has a minority position. The other members are the next six largest investors one of which is designated as the representative of the other minority 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.

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.

In addition, UNITE’s responsible business committee is chaired by its chief financial officer and manages environmental, sovial and governance (**ESG**) risk and opportunities. ESG reporting is aligned with global reporting initiative standards for greater transparency, with a responsible business review including sections on sustainable development goals and task force on climate-related financial disclosures. All Properties are compliant with minimum energy efficiency standards in England and Section 63 of The Climate Change (Scotland) Act 2009 in Scotland. Since 2016, UNITE has held “Investors in People” gold status.

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 6th Floor, 125 Wood Street, London EC2V 7AN. The telephone number of the Issuer is +44 (0) 20 3994 7200.

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 and 13 May 2016 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 Second Further First New Notes and any Further Notes, New Notes and/or Replacement Notes; (ii) the advance of the Existing Issuer/Borrower Loans, the Second 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 Second 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 2019.

Deloitte LLP, with its registered office at 1 New Street Square, London, EC4A 3PA, is the auditor of the Issuer. Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

Directors and secretary

The directors of the Issuer and their respective business addresses and principal activities are:

Name	Business address	Principal activities
Apex Corporate Services (UK) Limited	6th Floor, 125 Wood Street, London EC2V 7AN	Director of special purpose vehicles
Apex Trust Corporate Limited	6th Floor, 125 Wood Street, London EC2V 7AN	Director of special purpose vehicles
Colin Arthur Benford	125 Wood Street, London EC2V 7AN	Director of special purpose vehicles

The company secretary of the Issuer is Apex Trust Corporate Limited, whose business address is 6th Floor, 125 Wood Street, London EC2V 7AN.

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 2018:

	UNITE (USAF) II Plc[1] £'000
Indebtedness:	
Current debt:	(12)
Non-current debt:	
Secured	(691,255)
Unsecured	
Total non-current debt	**(691,267)**
Total debt	
Capitalisation:	
Capital and reserves [2]	
Share capital	13
Other reserves	
Total	**13**
Net financial indebtedness:	
Liquidity	
Cash	21
Cash equivalents	
Total liquidity	**21**
Current financial receivable	
Current financial receivable	14
Current debt	(12)
Net current financial indebtedness	**23**
Non-current financial indebtedness	
Non-current loan receivable	691,255
Notes issued [3]	(691,255)
Non-current financial indebtedness	**0**
Net financial indebtedness [4]	**23**

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, Initial First New Notes and the Further First New Notes which were issued by the Issuer on the Initial Closing Date, the Initial First New Closing Date and the Further First New Closing Date, the proceeds of which were on-lent to the Borrower as the Initial Issuer/Borrower Loan, the Initial First New Issuer/Borrower Loan and the Further First New Issuer/Borrower Loan, respectively.
(4) There was no indirect or contingent indebtedness prior to the Second 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 125 Wood Street, London EC2V 7AN.

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 Apex 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 2019.

Directors and secretary

The directors of the Issuer HoldCo and their respective addresses and principal activities are:

Name	Business address	Principal activities
Apex Corporate Services (UK) Limited	6th Floor, 125 Wood Street, London EC2V 7AN	Director of special purpose vehicles
Apex Trust Corporate Limited	6th Floor, 125 Wood Street, London EC2V 7AN	Director of special purpose vehicles
Colin Arthur Benford	125 Wood Street, London EC2V 7AN	Director of special purpose vehicles

The company secretary of the Issuer HoldCo is Apex Trust Corporate Limited, whose business address is 6th Floor, 125 Wood Street, London EC2V 7AN.

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 South Quay House, Temple Back, Bristol BS1 6FL. 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	South Quay House, Temple Back, Bristol BS1 6FL	Development Director
David Faulkner	South Quay House, Temple Back, Bristol BS1 6FL	Deputy Chief Financial Officer
Joseph Julian Lister	South Quay House, Temple Back, Bristol BS1 6FL	Chief Financial Officer
Christopher Robert Szpojnarowicz	South Quay House, Temple Back, Bristol BS1 6FL	Head of Legal and Company Secretary

The company secretary of the Borrower is Christopher Szpojnarowicz, whose business address is South Quay House, Temple Back, Bristol BS1 6FL.

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 2019.

Deloitte LLP, with its registered office at 1 New Street Square, London, EC4A 3PA, is the auditor of the Issuer. Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

Capitalisation and indebtedness statement

As at 31 December 2018:

	USAF Finance II Limited [(1)] £'000
Indebtedness:	
Current debt	(102)
Non-current debt	
Secured [(2)]	(691,255)
Unsecured	-
Total non-current debt	**(691,357)**
Total debt	
Capitalisation:	
Capital and reserves [(3)]	
Share capital[7]	0
Other reserves	
Total	**0**
Net financial indebtedness:	
Liquidity	
Cash	5
Cash equivalents	-
Total liquidity	**5**
Current financial receivable	
Current financial receivable	134
Current debt	(102)
Net current financial indebtedness	**37**
Non-current financial indebtedness	
Non-current loan receivable	691,203
Other non-current loans	(691,255)
Non-current financial indebtedness	**(52)**

[7] Share capital equals £1,000

Net financial indebtedness [(4)]	**(15)**

(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 as an amended and restated partnership deed dated on 29 September 2006 and as amended and restated on 7 November 2006 (in the case of LP1), a short form limited partnership agreement dated 10 October 2018 as amended and restated on 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, and each was further amended on 21 December 2018.

LP1, LP10, LP11 and LP12 (each, a **USAF LP**) each have two limited partners, being the UNITE Limited Partner and Sanne Trustee Services Limited) (acting in its capacity as trustee of USAF (the **USAF Jersey Trustee**)).

LPFV has one limited partner, being Zedra Trustees (Isle of Man) Limited (which replaced Barclays Wealth Trustees (Isle of Man) Limited), 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. 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 transposing 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 Second 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 20 August 2019 as follows:

USAF No. 1 Limited Partnership
UNITE Limited Partner – £78,901
USAF Jersey Trustee – £709,518

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

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

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

USAF No. 12 Limited Partnership

UNITE Limited Partner – £499.50
USAF Jersey Trustee – £4,499.50

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, 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.

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 (other than LPFV) may at any time direct the Operator to invite any Limited Partner, 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, shall make any such loans *pro rata* to their existing capital contributions unless they otherwise agree (or, in the case of LPNS, as the relevant General Partners shall determine). The General Partner of LPFV may request the Operator to call for the relevant Limited Partners to advance loans to LPFV but the Operator shall only call on loans to be provided (and the relevant Limited Partners shall only be obliged to advance loans) where (among other things) the Limited Partners have consented to provide such loans and the relevant loans have been approved by the General Partner in the LPFV business plan.

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 (and/or capital profits, in the case of LPNS) 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 (or 14 business days in the case of LPFV) 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. 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 its interest in LPNS 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 (other than the Partnership Deed in respect of LPFV), the relevant Limited Partnership shall continue until such date as the Limited Partners and the General Partners shall unanimously agree. In the case of LPFV, the Partnership Deed provides that LPFV shall terminate on the happening of any of the following events: (i) the General Patner ceasing to act as general partner where no replacement has been appointed, (ii) where the limited partners so decide by extraordinary resolution, (iii) on termination of the Filbert Street Student Accommodation Unit Trust or (iv) on the sale of LPFV's assets. 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 is South Quay House, Temple Back, Bristol BS1 6FL.

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 William John Hayes (director) (in respect of USAF GP No. 1 Limited only);
- Joseph Julian Lister (director);
- David Faulkner (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, 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 South Quay House, Temple Back, Bristol BS1 6FL and the registered office of Nominee 11 and Nominee 11A is South Quay House, Temple Back, Bristol BS1 6FL. 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 William John Haynes (director) (in respect of USAF Nominee No. 1 Limited, USAF Nominee No. 1A Limited, USAF Nominee No. 10 Limited and USAF Nominee No. 10A Limited only);
- Joseph Julian Lister (director);
- David Faulkner; 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 South Quay House, Temple Back, Bristol BS1 6FL.

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:

- David Faulkner (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 South Quay House, Temple Back, Bristol BS1 6FL.

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:

- David Faulkner (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 South Quay House, Temple Back, Bristol BS1 6FL.

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:

- David Faulkner (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 South Quay House, Temple Back, Bristol BS1 6FL.

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 13 September 2019):

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 0.62 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 South Quay House, Temple Back, Bristol BS1 6FL.

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:

- David Faulkner (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 South Quay House, Temple Back, Bristol BS1 6FL. 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 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 South Quay House, Temple Back, Bristol United Kingdom, BS1 6FL. 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:

- David Faulkner (director);
- Joseph Julian Lister (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 South Quay House, Temple Back, Bristol BS1 6FL. 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:

Joseph Julian Lister (director);

David Faulkner (director); and

Christopher Robert Szpojnarowicz (director and 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 £81,008,572 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 South Quay House, Temple Back, Bristol BS1 6FL.

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:

- David Faulkner (director);
- Joseph Julian Lister (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 South Quay House, Temple Back, Bristol BS1 6FL.

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:

- David Faulkner (director);
- Nicholas William John Hayes (director);
- Joseph Julian Lister (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 as amended on 24 July 2007 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 20 March 2017.

Management

The Operator is managed by a board consisting of five 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:

- Jacqueline Mary Berry;
- Alistair John Fraser; and
- Oliver Gideon Hoffman; and
- Stephen Nigel Skeels.

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 LF PROVIDER

HSBC UK Bank plc

HSBC UK Bank plc (**HSBC UK**) largely comprises retail banking and wealth management, commercial banking and private banking. These businesses were transferred from HSBC Bank plc on 1 July 2018, following the court approval of the ring-fenced transfer scheme to meet the regulatory ring-fencing requirements in accordance with the Financial Services (Banking Reform) Act 2013 and related legislation.

HSBC UK has 14.5 million customers being served by 22,000 employees across the UK, supported by a further 11,000 employees based in its UK service company HSBC Global Services (UK) Limited which provides services to HSBC UK and the wider HSBC Group.

The long term senior unsecured and unguaranteed obligations of HSBC UK are rated AA- by Standard & Poor's and HSBC UK has a long term issuer default rating of AA- from Fitch.

HSBC UK Bank plc and its subsidiaries form part of the HSBC Group.

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide across 66 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US$2,751 billion at 30 June 2019, HSBC is one of the world’s largest banking and financial services organisations.

HSBC UK Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. HSBC UK Bank plc's principal place of business in the United Kingdom is 1 Centenary Square, Birmingham, B1 1HQ.

USE OF PROCEEDS

The total gross proceeds of the issue of the Second Further First New Notes will be £94,685,456.66

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

The Borrower will apply the proceeds of the Second Further First New Issuer/Borrower Loan towards making a loan to LP1 pursuant to the Intra-Group Agreement. LP1 will, in turn, use the proceeds of such loans for general corporate purposes.

TERMS AND CONDITIONS OF THE SECOND FURTHER FIRST NEW NOTES

*The following are the terms and conditions of the Initial First New Notes (from the Second Further First New Closing Date) and the Further First New Notes (from the Second Further First New Closing Date) and the Second Further First New Notes (the **First New Conditions**) in the form (subject to amendment) in which they will be set out in the Third Supplemental Note Trust Deed (as defined below). The terms and conditions set out below will apply to the Initial First New Notes in global form (from the Second Further First New Closing Date) and the Further First New Notes (from the Second Further First New Closing Date) and the Second 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 was amended on the Further First New Closing Date pursuant to the Second Supplemental Note Trust Deed and which will be further amended on the Second Further First New Closing Date pursuant to the Third Supplemental Note Trust Deed so that they are replaced by the First New Conditions set out therein). The Second Further First New Notes will form a single class with the Initial First New Notes and the Further First New Notes, and rank pro rata and pari passu with all of the Existing Notes from the Second 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 and the Further First New Notes from the Exchange Date (the Initial First New Notes, the Further First New Notes and the Second 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 the £125,000,000 3.921 per cent. Commercial Mortgage Backed Notes due 30 June 2030 (the **Further First New Notes**) and the Initial First New Notes and the Further First New Notes together with the Initial Notes, the **Existing Notes**) and the £85,000,000 3.921 per cent. Commercial Mortgage Backed Notes due 30 June 2030 (the **Second Further First New Notes** and together with the Initial First New Notes and the Further 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**) and a further supplemental deed thereto (the **Third Supplemental Note Trust Deed**) dated 1 October 2019 (the **Second Further First New Closing Date**), respectively, and each made between the Issuer and Apex Corporate Trustees (UK) Limited (formerly known as Link Corporate Trustees (UK) Limited and Capita Trust 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 and amended by the Third 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 Second Further First New Noteholders shall be a reference to holders of the Second 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 Condition 15.1 (*Further Notes*) of the First New Notes and forming a single class with the Initial Notes, the First New 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 the First New 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, Condition 15.3 (*New Notes*) of the First New 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 were on-lent by the Issuer to the Borrower on the Further First New Closing Date, and the proceeds of the Second Further First New Notes and any Notes that are issued after the Second Further First New Closing Date will be on-lent by the Issuer to the Borrower on the Second 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 and the Further 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 the Further First New Closing Date and to be provided by the Issuer to the Borrower thereunder on the Second 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**, the **Second 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**, the **Second Further First New Issuer/Borrower Loan** and a **Further Issuer/Borrower Loan**, respectively).

The Second Further First New Issuer/Borrower Loan 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 Second Further First New Closing Date (the Second Further First New Issuer/Borrower Loan, 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 the First New Conditions or in the terms and conditions of any Replacement Notes or New Notes (as defined below) issued after the Second 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 Apex Corporate Trustees (UK) Limited (formerly known as Link Corporate Trustees (UK) Limited 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 and the Second 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 Apex Corporate Trustees (UK) Limited (formerly known as Link Corporate Trustees (UK) Limited 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 were 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. 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.

1.3 The Second 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 **Second Further First New Temporary Global Note**) in bearer form in the aggregate principal amount on issue of £85,000,000. The Second Further First New Temporary Global Note has been deposited on behalf of the subscribers of the Second Further First New Notes with the Common Depositary for the Clearing Systems on the Second Further First New Closing Date. Upon deposit of the Second Further First New Temporary Global Note, the Clearing Systems credited each subscriber of Second Further First New Notes with the principal amount of Second Further First New Notes equal to the aggregate principal amount thereof for which it had

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

The Second Further First New Notes shall form a single class with the Initial First New Notes and the Further First New Notes, and rank *pro rata* and *pari passu* with all of the Existing Notes from the Second 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 and the Further First New Notes, upon exchange of the Second Further First New Temporary Global Note for the Second Further First New Permanent Global Note. Interests in a Second 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 or the Second 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 and the First New Notes only and from time to time including any Further Notes issued pursuant to Condition 15.1 (*Further Notes*) of the Initial Notes and Condition 15.1 (*Further Notes*) of the First New Notes and forming a single class with the Initial Notes, the First New 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 Condition 15.3 (*New Notes*) of the First New 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, Condition 15.3 (*New Notes*) of the First New 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 or Condition 15.1 (*Further Notes*) of the First New Notes and forming a single class with the Initial Notes and the First New 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 Condition 15.2 (*Replacement Notes*) of the First New 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 Condition 15.3 (*New Notes*) of the First New 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 Euronext Dublin 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 Euronext Dublin.

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) and 8 March 2019 and 30 July 2019 (in the case of New Security Assets) 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;

(b) in respect of the Further First New Notes, the Further First New Closing Date; and

(c) in respect of the Second Further First New Notes, the Second Further First New Closing Date (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 was due on the Interest Payment Date falling on 30 June 2016 and the first payment in respect of the Second Further First New Notes shall be due on the Interest Payment Date falling on 31 December 2019. The period from (and including):

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

(b) the Further First New Closing Date, in respect of the Further First New Notes; and

(c) the Interest Accrual Date, in respect of the Second 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 and the Second 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 and the Second 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 Condition 6.3(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) (*Issuer Events of Default*), 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 Euronext Dublin 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 Euronext Dublin 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 Euronext Dublin 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) (*Further Notes*) 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) (*Further Notes*) 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) (*Status and relationship between the Notes*) or otherwise, and further Issuer Transaction Documents may be entered into, in connection with the issue of such Further Notes, Replacement Notes or, as the case may be, New Notes and the claims of any of the parties to any amended Issuer Transaction Document or any further Issuer Transaction Document may rank ahead of, *pari passu* with or behind, any class or classes of the Notes, provided, in each case, that the condition set out in Condition 15.1(c) (*Further Notes*) 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 SECOND FURTHER FIRST NEW NOTES

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

General

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

The Second Further First New Notes will form a single class with the Initial First New Notes and the Further First New Notes and rank *pro rata* and *pari passu* with all of the Existing Notes from the Second 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 and the Further First New Notes on the exchange of the Second Further First New Temporary Global Note for interests in the Second 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 Second 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 Second Further First New Notes (other than the Second Further First New Temporary Global Note) and on all First New Coupons relating to the Second 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 Second Further First New Notes or First New Coupons relating to the Second 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 Second Further First New Notes or First New Coupons relating to the Second Further First New Notes.

Second Further First New Notes which are represented by a Second 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. Second 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 Second 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 Second 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 Second 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 Second 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 Second 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 Second 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 Second 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, with its registered office at 33 Cannon Street, London EC4M 5SB and Clearstream, Luxembourg, with its registered office at 42 av. J.-F. Kennedy, 1855 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. Euronext Dublin 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 Euronext Dublin. 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 the date that is two years after the date on which final U.S. Treasury regulations defining the term foreign passthru payments are published in the Federal Register. 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 Second Further First New Notes dated on or around 30 September 2019 between the Lead Arranger, the Obligors and the Issuer (the **Second Further First New Subscription Agreement**), agreed, subject to certain conditions, to procure subscribers and failing which itself to subscribe and pay for the Second Further First New Notes at an issue price of 111.384 per cent. of the initial principal amount thereof (plus 1 days' accrued interest in respect of the period from (and including) 30 September 2019 to (but excluding) 1 October 2019 at a rate of 3.921 per cent. per annum).

The Second 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 Second 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 Second Further First New Notes. In the event that it purchases Second Further First New Notes, such affiliate may distribute the Second 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 Second Further First New Notes offered hereby. Any such short positions could adversely affect future trading prices of the Second 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.

Each purchaser of the Second Further First New Notes (which term for the purposes of this section will be deemed to include any interests in the Second Further First New Notes, including book-entry interests) during the initial syndication will be deemed to have, and in certain circumstances will be required to have, represented and agreed as follows: it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Second Further First New Note or a beneficial interest therein for its

own account and not with a view to distribute such Second Further First New Notes and (3) is not acquiring such Second Further First New Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

To the extent applicable, determination of the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section 20 of the U.S. Risk Retention Rules is solely the responsibility of each investor, and none of the parties hereto or any person who controls them or any of their directors, officers, employees, agents or affiliates will have any responsibility for determining the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section 20 of the U.S. Risk Retention Rules, and none of the parties hereto or any person who controls them or any of their directors, officers, employees, agents or affiliates accept any liability or responsibility whatsoever for any such determination or characterisation.

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 Second 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 Second Further First New Notes in, from or otherwise involving the United Kingdom.

United States

The Second Further First New Notes have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States 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, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Accordingly, the Second 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 Second Further First New Notes will agree that with respect to the relevant Second Further First New Notes for which it has subscribed, it will not offer, sell or deliver the Second Further First New Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Second 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, except in accordance with Rule 903 or 904 of Regulation S. It further agrees that it will have sent to each affiliate or other dealer (if any) to which it sells Second Further First New Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Second Further First New Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of the Notes within the United States by any Bookrunner or dealer (whether or not participating in the offering)

may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from the registration requirements under the Securities Act.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Second Further First New Notes outside the United States. The Issuer and the Bookrunner reserve the right to reject any offer to purchase the Second Further First New Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, other than those persons, if any, retained to advise such non-U.S. person with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than those persons, if any, retained to advise such non-U.S. person, is prohibited.

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

(a) such Second Further First New Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act and the Second Further First New Notes have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth herein;

(b) if such purchaser decides to resell or otherwise transfer such Second 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 Second 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 Second Further First New Notes for the account or benefit of a U.S. person and who is acquiring the Second 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

(c) unless the relevant legend set out below has been removed from the Second Further First New Notes such purchaser shall notify each transferee of Second Further First New Notes (as applicable) from it that (i) such Second Further First New Notes have not been registered under the Securities Act, (ii) the holder of such Second 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 Second 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 Second 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 THE SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND ACCORDINGLY 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, ANY TRANSFER OF THE NOTES MAY ONLY BE MADE TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION MEETING EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT (REGULATION S). ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID AB INITIO. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

THIS NOTE AND BENEFICIAL INTERESTS HEREIN MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES (**RISK RETENTION U.S. PERSONS**). EACH PURCHASER OF THE NOTES OR A BENEFICIAL INTEREST HEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES BY ITS ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE, AND IN CERTAIN CIRCUMSTANCES WILL BE REQUIRED TO MAKE, CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES.

THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS."

The Second 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 Second 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 Second 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 Second 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 Second Further First New Notes, or distribute this document or any other material relating to the Second 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 Second Further First New Notes was authorised by a resolution of the board of directors of the Issuer passed on 27 September 2019.

2. It is expected that the admission of the Second Further First New Notes to Euronext Dublin's Official List and trading on its regulated market will be granted on or about the Second Further First New Closing Date, subject only to issue of the Second Further First New Temporary Global Note. The listing of the Second Further First New Notes will be cancelled if the Second 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 Second Further First New Notes will be accepted for clearance through Euroclear and Clearstream, Luxembourg. The temporary ISIN for the Second Further First New Temporary Global Notes is XS2055091511 and the temporary Common Code is 205509151. The Second Further First New Notes will be consolidated, form a single series and be interchangeable for trading purposes from the Exchange Date with the 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 Second Further First New Notes are admitted to Euronext Dublin'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 Second 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 performance of the Obligor Group since the date of the last financial period ending 31 December 2018 up to and including the date of this Prospectus.

8. Since 31 December 2018, there has been no significant change in the financial position of the Issuer or the Borrower.

9. Each Second 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 (having made due enquiry of the Obligors) 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. A copy of the up to date Memorandum and Articles of Association of the Issuer is available (free of charge) on the Companies House website (being, as at the date of this Prospectus, https://beta.companieshouse.gov.uk/company/08528639/filing-history).

14. 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 Second 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 2017 and 31 December 2018.

15. 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.

16. 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.

17. No website referred to in this Prospectus forms part of the document for the purposes of the listing of the Second Further First New Notes on Euronext Dublin and has not been scrutinised or approved by the Central Bank of Ireland.

18. 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 Second Further First New Issuer/Borrower Loan, the Existing Notes and the Second 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).

19. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent in connection with the Second Further First New Notes and is not itself seeking admission of the Second Further First New Notes to the Official List of Euronext Dublin or to trading on its regulated market for the purposes of the Prospectus Regulation.

20. Deloitte LLP, registered office 1 New Street Square, London, EC4A 3PA, are the independent auditors to the Issuer and the Obligor Group.

21. 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.

22. The estimated expense of admission to trading on the regulated market of, and listing on, Euronext Dublin is €4,891.20.

23. The legal entity identifier (LEI) of the Issuer is 213800FRHC61OX6TZL02.

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 August 2019 in relation to the Property Portfolio

VALUATION REPORT

In respect of:
46 Properties comprising Project Pinot

On behalf of:
HSBC Bank Plc

Date of Valuation: 31 August 2019

Legal Notice and Disclaimer

This valuation report (the "Report") has been prepared by CBRE Limited ("CBRE") for HSBC Bank PLC (the "Client") in accordance with the HSBC Bank plc instruction letter and standard terms of engagement entered into between CBRE and the Client dated 19 September 2019 ("the Instruction"), a copy of which is included at [Appendix 10 of this Report]. The Report is confidential to the Client and any other Addressees and the Client and the Addressees may not disclose the Report unless expressly permitted to do so under the Instruction, or otherwise with the prior written consent of CBRE.

Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client or the Addressees can rely upon the Report (a "Relying Party" or "Relying Parties") then CBRE shall have no greater liability to any Relying Party than it would have if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to the Client, Addressees and to any Relying Parties howsoever arising under, in connection with or pursuant to this Report and/or the Instruction together, whether in contract, tort, negligence or otherwise shall not exceed the sum set out in the Instruction. We shall hold professional indemnity insurance equal to the cap on liability. Nothing in this Report shall exclude liability which cannot be excluded by law.

If you are neither the Client, an Addressee nor a Relying Party then you are viewing this Report on a non-reliance basis and for informational purposes only. You may not rely on the Report for any purpose whatsoever and CBRE shall not be liable for any loss or damage you may suffer (whether direct, indirect or consequential) as a result of unauthorised use of or reliance on this Report.

If you do not understand this legal notice then it is recommended that you seek independent legal advice.

CBRE

CONTENTS

CBRE

PART I

VALUATION REPORT

CBRE Limited
Henrietta House
Henrietta Place
London W1G 0NB
Switchboard +44 20 7182 2000
Fax +44 20 7182 2273

VALUATION REPORT

Report Date	20 September 2019
Addressee	"To: Unite (USAF) II plc as Issuer, HSBC Bank plc as Lead Arranger, HSBC UK Bank plc as Liquidity Facility Provider and Apex Corporate Trustees (UK) Limited (formerly known as Link Corporate Trustees (UK) Limited and Capita Trust Company Limited) as Note Trustee, Issuer Security Trustee and Obligor Security Trustee in their capacities as agents and/or trustees and together each of their successors, transferees and assignees or any other person who becomes a RCF Provider, RCF Agent, a LF Provider, a Hedge Counterparty or agent and/or trustee for any or more lenders or other beneficiaries of any security granted in connection with the Facility Agreement (together the "**Addressees**" and each an "**Addressee**")" c/o The Directors HSBC Bank plc Global Banking Level 2, 8 Canada Square London, E14 5HQ For the attention of: Katrina Haley
The Properties	The Properties listed in the Schedule below.
Portfolio Description	Student Accommodation
Instruction	To value the unencumbered freehold and leasehold interests in the Properties on the basis of Market Value as at the Valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 19 September 2019.
Valuation Date	31 August 2019
Capacity of Valuer	External Valuer, as defined in the RICS Valuation – Global Standards 2017.
Purpose	You have requested us to carry out a valuation in to assist in the issuance of a tap by the Issuer of Unite (USAF) II plc outstanding £310,000,000 3.921% Commercial Mortgage Backed Notes due 2030, the proceeds of which will be lent to the Client (or persons connected with the Client) pursuant to the Issuer/Borrower Facilities (the Facility Agreement).

Market Value

£1,633,620,000 (ONE BILLION, SIX HUNDRED AND THIRTY THREE MILLION, SIX HUNDRED AND TWENTY 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.

Our valuation therefore only pertains to the value of the individual property assets and on the assumption that each asset can be sold as a whole with full management control.

In current market conditions, the opportunity to manage the whole Portfolio or significant numbers of assets would be attractive to a number of global real estate investors. The ability to acquire a portfolio of properties in a single transaction, has the potential to save time and overhead costs which would be incurred in assembling single assets. As such, we consider that the sale of carefully 'packaged' parts, or indeed the whole, of the Portfolio may attract a premium over the sum of the individual market values of the Properties.

Where a property is owned by way of a joint tenancy in a trust for sale, or through an indirect investment structure, our Valuation represents the relevant apportioned percentage of ownership of the value of the whole property, assuming full management control. Our Valuation does not necessarily represent the value 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 and are suitable for securitisation although we have not been provided with the terms of the financing and cannot therefore comment on their suitability having regard to the nature of the Properties.

Compliance with Valuation Standards

The Valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 (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 Valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject properties. Other valuers may reach different conclusions as to the value of the subject properties. This Valuation is for the sole purpose of providing the intended

user with the valuer's independent professional opinion of the value of the subject properties as at the Valuation Date.

Assumptions

The Property details on which the 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 figure may also be incorrect and should be reconsidered.

Variations and/or Departures from Standard Assumptions

None.

Verification

We recommend that before any financial transaction is entered into based upon these Valuations, you obtain verification of any third party 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.

Previous Involvement and Conflicts of Interest

We confirm that CBRE have previously valued the properties on behalf of USAF for accounts purposes.

We have previously disclosed the relevant facts to you and the other clients involved, and have received everyone's confirmation that it is in order for us to undertake this valuation.

Reliance

A copy of this report may be provided (on a non-reliance basis) (i) where disclosure is required or requested by any court of competent jurisdiction or any governmental, banking, taxation, supervisory or other regulatory authority or similar body, the rules of any relevant stock exchange, listing authority or similar body or pursuant to any applicable law or regulation; (ii) where disclosure is required in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes; (iii) to an Addressee's affiliates, and any of its or their officers, directors, employees, auditors and professional advisors in connection with the loan and hedging transactions under the Facility Agreement; (iv) to any financial institution or other entity in connection with the loan and hedging transactions under the Facility Agreement; (v) to any person to whom such Addressee may potentially assign, transfer or sub-participate all or any of its rights and obligations under any documentation relating to or under the Facility Agreement and to the professional advisors of each such person; (vi) to any rating agency in connection with any securitisation of (or referable to) the Facility Agreement and to investors in such securitisation including

in each case their professional advisers and (vii) otherwise, with our prior written consent.

Publication

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

T: 0207 182 2674
E: michael.brodtman@cbre.com

Yours faithfully

Jo Winchester FRICS
Executive Director
RICS Registered Valuer
For and on behalf of CBRE Ltd

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E: joanne.winchester@cbre.com

CBRE UK (London - Student Accommodation)
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Henrietta Place
London

CBRE – Valuation & Advisory Services

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SCHEDULE OF CAPITAL VALUES

Properties held as an investment

Property	Freehold/Feuhold / Heritable (£)	Long Leasehold (£)	Part Freehold / Part Leasehold (£)	Market Value (£)
Aberdeen, King Street Exchange	12,650,000			12,650,000
Aberdeen, The Old Fire Station	17,720,000			17,720,000
Aberdeen, Spring Gardens	19,420,000			19,420,000
Bath, Charlton Court	40,850,000			40,850,000
Bristol, Blenheim Court	25,790,000			25,790,000
Bristol, Cherry Court	19,820,000			19,820,000
Bristol, Favell House	18,430,000			18,430,000
Bristol, Marketgate	46,110,000			46,110,000
Bristol, Phoenix Court			35,880,000	35,880,000
Bristol, The Rackhay	8,600,000			8,600,000
Durham, Houghall Court			20,140,000	20,140,000
Durham, Rushford Court	39,500,000			39,500,000
Edinburgh, The Bridge House	26,380,000			26,380,000
Edinburgh, Chalmers Street	37,030,000			37,030,000
Edinburgh, The Old Print Works	33,250,000			33,250,000
Exeter, Northfield	21,830,000			21,830,000
Glasgow, Blackfriars	34,450,000			34,450,000
Glasgow, Kelvin Court	39,810,000			39,810,000
Leeds, Sky Plaza	70,250,000			70,250,000
Leeds, The Plaza	99,360,000			99,360,000
Leeds, The Tannery	35,320,000			35,320,000
Leicester, Filbert Village	37,890,000			37,890,000
Leicester, Newarke Point	54,570,000			54,570,000
Leicester, St Martins House		10,510,000		10,510,000
Leicester, The Grange	15,920,000			15,920,000
Liverpool, Arrad House	4,950,000			4,950,000
Liverpool, Cambridge Court	31,350,000			31,350,000
Liverpool, Cedar House	7,180,000			7,180,000
Liverpool, Grand Central	81,320,000			81,320,000
Liverpool, Larch House		2,810,000		2,810,000
Liverpool, Lennon Studios	20,560,000			20,560,000
London, Blithehale Court	78,370,000			78,370,000
London, Emily Bowes Court	116,310,000			116,310,000
London, Pacific Court	33,490,000			33,490,000
Loughborough, The Holt		14,580,000		14,580,000
Manchester, Kincardine Court		24,730,000		24,730,000
Manchester, Piccadilly Point	75,580,000			75,580,000
Newcastle, Manor Bank	32,130,000			32,130,000
Nottingham, Riverside Point	42,840,000			42,840,000
Nottingham, St Peters Court	56,360,000			56,360,000
Oxford, Beech House	26,530,000			26,530,000
Portsmouth, Greetham Street		70,530,000		70,530,000
Reading, Crown House	16,080,000			16,080,000
Sheffield, Brass Founders	37,390,000			37,390,000
Sheffield, Exchange Works			29,390,000	29,390,000
Sheffield, The Anvil		9,660,000		9,660,000
Total	**£1,415,390,000**	**£132,820,000**	**£85,410,000**	**£1,633,620,000**

SOURCES OF INFORMATION AND SCOPE OF WORKS

Sources of Information

We have carried out our work based upon information supplied to us by Piotr Lisowski and Roscoe Chubb of Unite Students, 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.

Inspection

A schedule of the most recent inspection dates is maintained within our working papers and can be made available if required.

Areas

We have not measured the Properties but have relied upon the floor areas provided to us by you, as set out in this report, which we have assumed to be correct and comprehensive. We have been advised that these areas have been calculated using the Gross Internal Area (GIA)/Net Internal Area (NIA) measurement methodology as set out in the RICS Code of measuring practice (6th edition).

Environmental Matters

We have undertaken an Envirorisk report for the following eight properties:

- Houghall Court, Durham
- Rushford Court, Durham
- The Bridge House, Edinburgh
- Old Print Works, Edinburgh
- Kincardine Court, Manchester
- Beech House, Oxford
- Greetham Street, Portsmouth
- Brass Founders, Sheffield

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.

Services and Amenities

We understand that all main services including water, drainage, electricity and telephone are available to the Properties. None of the services have been tested by us.

Repair and Condition

We have been provided with Building Survey Reports prepared by CBRE.

Town Planning

We have made planning enquiries only consulting the website of the relevant Councils. We cannot, therefore, accept responsibility for incorrect information or for material omissions in the information supplied to us.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which it is 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

The Valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

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 taxation which might arise in the event of a disposal or costs related to any other event.

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

Unless stated otherwise 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 in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the Valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.".

The Properties

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 Properties. 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 Properties as an operational entity would be capable of transfer as part of a sale of the building, and any necessary third party consents obtained.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

a) the Properties are not contaminated and is 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) in England and Wales, 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 under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it became unlawful for landlords to rent out a business premise from 1st April 2018 – unless the site has reached a minimum EPC rating of an 'E', or secured a relevant exemption. In Scotland, we have assumed that the properties possess current EPCs as required under the Scottish Government's Energy Performance of Buildings (Scotland) Regulations – and that they meet energy standards equivalent to those introduced by the 2002 building regulations. We would draw your attention to the fact the Assessment of Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016 came into force on 1st September 2016. From this date, building owners are required to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions;

d) the Properties are either not subject to flooding risk or, if it is, 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; and

e) invasive species such as Japanese Knotweed are not present on the Properties.

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 Properties. 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) the building has been erected either prior to planning control, or in accordance with planning permissions, and has 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) the building complies with all statutory and local authority requirements including building, fire and health and safety regulations, and that a fire risk assessment and emergency plan are in place;

e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the properties to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);

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 the Properties are in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interests in the properties. 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;

l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and

m) Land Transfer Tax (or the local equivalent) will apply at the rate currently applicable. In the UK, Stamp Duty Land Tax (SDLT) in England and Northern Ireland, Land and Buildings Transaction Tax (LABTT) in Scotland or Land Transaction Tax (LTT) in Wales, will apply at the rate currently applicable.

PART II

PROPERTY SCHEDULE

Ref	Property (Inspection Date)	Brief Description	Freehold / Feuhold / Heritable (£)	Long Leasehold (£)	Part Freehold / Part Long Leasehold (£)	Market Value (£)
1.1	Aberdeen, King Street Exchange (25 March 2019)	The property was purpose built in 2003 and provides 180 student bedrooms in ensuite cluster flats and studios. All of the rooms are let directly to students on ASTs.	12,650,000			12,650,000
1.2	Aberdeen, The Old Fire Station (25 March 2019)	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.	17,720,000			17,720,000
1.3	Aberdeen, Spring Gardens (25 March 2019)	The property was purpose built in 1994 and internally refurbished in 2001. An additional new block with 20 bedrooms was built in 2011. There is 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.	19,420,000			19,420,000
2.1	Bath, Charlton Court (29 August 2019)	The property was purpose-built in 2009 and provides 330 student bedrooms in ensuite cluster flats and studios. The 295 en-suite bedrooms are subject to a nomination agreement with Bath Spa University expiring at the end of the 2026/2027 academic year. The remaining 35 studio bedspaces are let directly to students on ASTs.	40,850,000			40,850,000
4.1	Bristol, Blenheim Court (24 November 2017)	The property was purpose built in 2005 and provides 231 student bedrooms in ensuite cluster flats and studios. 105 en-suite rooms are subject to a nomination agreement with the University of the West of England expiring at the end of the 2019/2020 academic year. The remaining 126 are let directly to students on ASTs. The ground floor commercial unit is let to Tesco Stores Ltd for a term of 15 years from September 2005.	25,790,000			25,790,000

4.2	Bristol, Cherry Court (24 November 2017)	The property was purpose built in 2004 and provides 176 student bedrooms in ensuite cluster flats.	19,820,000		19,820,000
4.3	Bristol, Favell House (24 November 2017)	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 bedspaces are subject to a nominations agreement with the University of the West of England expiring at the end of the 2019/2020 academic year. A ground floor commercial unit is let to One Stop Stores Ltd for a term of 25 years from September 1997. A second commercial unit is let to the Malago Surgery Partnership for a term of 10 years from August 2017. A third commercial unit is let to Aqua Italia Ltd for a term of 25 years from July 1998.	18,430,000		18,430,000
4.4	Bristol, Marketgate 28 August 2019	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 2019/2020 academic year.	46,110,000		46,110,000
4.5	Bristol, Phoenix Court (24 November 2017)	The property was purpose built in 2007 and provides 277 student bedrooms within ensuite cluster flats and studios. 92 bedrooms are let on a 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 2021. The property is held part freehold and part leasehold with approximately 110 years unexpired.		35,880,000	35,880,000

4.6	Bristol, The Rackhay (24 November 2017)	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. All of the bedrooms are subject to a nomination agreement to the University of the West of England expiring at the end of the 2019/2020 academic year.	8,600,000		8,600,000
5.1	Durham, Houghall Court (23 May 2019)	The property opened in 2018 and comprises a converted former college to part. It provides 222 student bedrooms in en-suite cluster flats and studios.		20,140,000	20,140,000
5.2	Durham, Rushford Court (23 May 2019)	The property opened in 2018 and comprises a converted former hospital to part. It provides 358 student bedrooms in en-suite cluster flats and studios. All of the bedrooms are subject to a one-year nomination agreement to Durham University expiring at the end of the 2019/2020 academic year.	39,500,000		39,500,000
6.1	Edinburgh, The Bridge House (12 February 2018)	The property comprises a purpose-built scheme providing 319 non en-suite bedspaces across 57 cluster flats. 150 bedspaces are subject to a one-year nominations agreement to the University of Edinburgh expiring at the end of the 2019/2020 academic year.	26,380,000		26,380,000
6.2	Edinburgh, Chalmers Street (12 February 2018)	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.	37,030,000		37,030,000
6.3	Edinburgh, The Old Print Works (12 February 2018)	The property comprises a purpose-built scheme which opened in 2017. It provides 234 student bedrooms in en-suite cluster flats and studios.	33,250,000		33,250,000

7.1	Exeter, Northfields (20 August 2019)	The property was purpose built in 2008 and provides 190 student bedrooms within ensuite cluster flats and studios. 113 bedspaces are subject to a nomination agreement to the University of Exeter expiring at the end of the 2019/2020 academic year. The remaining 77 bedrooms are let directly to students on ASTs.	21,830,000	21,830,000
8.1	Glasgow, Blackfriars (17 April 2017)	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. Both buildings are operated together as a single property. All of the bedrooms are let directly to students on ASTs.	34,450,000	34,450,000
8.2	Glasgow, Kelvin Court (18 April 2018)	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.	39,810,000	39,810,000
9.2	Leeds, Sky Plaza (8 March 2019)	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. The property closed to students for the 2017/2018 academic year to allow for the cladding to be replaced at a cost of £3.7m. The property has reopened for the 2018/2019 academic year. A ground floor commercial unit is let on a lease for a term of 20 years from October 2009.	70,250,000	70,250,000
9.1	Leeds, The Plaza (8 March 2019)	The property was purpose built in 2006 and provides 964 student bedrooms within ensuite cluster flats and studios. 303 bedrooms are subject to a nomination agreement with Leeds Beckett expiring at the end of 2019/2020 academic year. The remaining bedrooms are let directly to students on ASTs.	99,360,000	99,360,000

9.3	Leeds, The Tannery (28 November 2018)	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 3 years expiring August 2022. 63 bedrooms are let directly to students on ASTs. A ground floor commercial unit is let on a lease expiring October 2020.	35,320,000		35,320,000
10.1	Leicester, Filbert Village (13 July 2018)	The property was purpose built in 2004 and provides 664 student bedrooms within ensuite cluster flats and studios. 600 bedspaces are subject to a short term Nominations Agreement to De Montfort University expiring at the end of 2020/2021 academic year. The remaining 65 bedspaces are let directly to students on ASTs.	37,890,000		37,890,000
10.2	Leicester, Newarke Point (20 August 2019)	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 Nomination Agreement in place to De Montfort University over a minimum of 300 rooms from August 2002 with a mutual break option in year 15.	54,570,000		54,570,000
10.3	Leicester, St Martins House (13 July 2018)	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.		10,510,000	10,510,000
10.4	Leicester, The Grange (13 July 2018)	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 expiring at the end of the 2020/2021 academic year. A ground floor commercial unit is let to Riley's Sports Bars Ltd on a lease expiring in February 2029.	15,920,000		15,920,000

11.2	Liverpool, Arrad Street (08 June 2017)	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 Nomination Agreement to the University of Liverpool with no guarantee. A ground floor commercial unit is let to a private individual until February 2023. A second commercial unit is let to Keystone bars Ltd until July 2025.	4,950,000	4,950,000
11.3	Liverpool, Cambridge Court (21 August 2019)	The property was purpose built in 1999 and provides 474 student bedrooms within ensuite cluster flats. 100 bedrooms are let on a short-term Nominations Agreement to the University of Liverpool expiring at the end of 2019/2020 academic year. The remaining bedrooms are let directly to students on ASTs.	31,350,000	31,350,000
11.5	Liverpool, Cedar Court (08 June 2017)	The property was purpose built in 1999 and provides a total of 102 student bedrooms within ensuite cluster flats and studios. 74 bedspaces are subject to a Nominations Agreement to the University of Liverpool expiring at the end of 2019/2020 academic year.	7,180,000	7,180,000
11.6	Liverpool, Grand Central (21 August 2019)	The property was purpose built in 2004 and provides 1,236 student bedrooms within ensuite cluster flats and studios. 379 beds are subject to a short-term Nominations Agreement to Liverpool John Moores University expiring at the end of 2019/2020 academic year. The remaining 857 bedrooms are directly let to students on ASTs. The property includes three ground floor commercial units. The first is let to Riley's Sports Bars until January 2026, subject to a tenant break option in January 2021. The second is let to Keystone Bars Ltd until June 2025. The final unit is let to a private individual until February 2026.	81,320,000	81,320,000

11.7	Liverpool, Lorch House (08 June 2017)	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.	2,810,000	2,810,000
11.8	Liverpool, Lennon Studios (21 August 2019)	The property was converted from a former hospital building in 2001. There are a total of 248 student bedrooms within cluster flats and studios. All bedrooms are directly let to students on ASTs.	20,560,000	20,560,000
12.1	London, Blithehale Court 22 August 2019	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 three commercial units. The first is let to Gobitree Ltd until February 2021. The second is let to Yum III (UK) Ltd until October 2030, subject to a break option in October 2020. The final unit I let to Account 3 Women's Consultancy Service Ltd for 25 years from March 2009.	78,370,000	78,370,000
12.2	London, Emily Bowes 22 August 2019	The property was purpose built in 2009 and provides 693 student bedrooms within ensuite cluster flats and studios. 224 bedspaces are let on a short term nominations agreement to the University of Arts London. The remaining bedrooms are let directly to students on ASTs.	116,310,000	116,310,000
12.4	London, Pacific Court (27 April 2018)	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.	33,490,000	33,490,000

13.1	Loughborough, The Holt (13 July 2018)	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 expiring in at the end of the 2028/2029 academic year. The property is held on a lease expiring in August 2103.		14,580,000	14,580,000
14.1	Manchester, Kincardine Court (24 June 2019)	The property comprises a purpose built scheme which opened in 2001. It provides 229 en-suite bedspaces. The property is held on a lease expiring in 2125. All of the bedrooms are directly let to students on ASTs.		24,730,000	24,730,000
14.2	Manchester, Piccadilly Point (24 June 2019)	The property was purpose built in 2007 and provides 588 student bedrooms within ensuite cluster flats and studios. 269 bedspaces are let to University Campus of Football Business (UCFB). The remaining bedspaces are directly let to students on ASTs.	75,580,000		75,580,000
15.1	Newcastle, Manor Bank (17 January 2019)	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.	32,130,000		32,130,000
16.1	Nottingham, Riverside Point (27 August 2019)	The property was purpose built in 2006 and provides 484 student bedrooms within ensuite cluster flats and studios. 93 bedspaces are subject to a short term nominations agreement with Nottingham University expiring in at the end of the 2019/2020 academic year. The remaining bedspaces are directly let to students on ASTs.	42,840,000		42,840,000

16.2	Nottingham, St Peters (27 August 2019)	The property was purpose built in two phases in 2002 and 2005. There are 808 student bedrooms within ensuite cluster flats and studios. All 808 bedspaces are subject to a Nomination Agreement with the University of Nottingham for the 2019/2020 academic year. The remaining bedrooms are directly let to students on ASTs.	56,360,000		56,360,000
17.1	Oxford, Beech House (2 November 2018)	The property comprises a purpose-built scheme which opened in 2017. It provides 167 en-suite bedspaces, all of which are subject to a 25-year nomination agreement with Oxford Brookes University.	26,530,000		26,530,000
18.1	Portsmouth, Greetham Street (21 November 2018)	The property comprises a purpose-built scheme which opened in 2016. It provides 836 student bedrooms within en-suite cluster flats and studios. The property has the benefit of a 20-year agreement with the University of Portsmouth, subject to a rolling 3 yearly occupancy confirmation by the University. The property is held leasehold expiring November 2264.		70,530,000	70,530,000
19.1	Reading, Crown House (21 June 2018)	The property was converted to student accommodation in 2008 and provides 99 bedrooms within ensuite cluster flats and studios. 20 bedspaces are subject to a nominations agreement with Cambridge Education Group expiring end of 2020/2021. The remaining bedspaces 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.	16,080,000		16,080,000
20.1	Sheffield, Brass Founders (8 March 2018)	The property comprises a purpose built scheme which opened in 2017. It provides 437 student bedrooms within en-suite cluster flats and studios.	37,390,000		37,390,000

20.2	Sheffield, Exchange Works (27 August 2019)	The property was purpose built in 2002 and provides 437 student bedrooms within ensuite cluster flats and a studio. 187 bedspaces are subject to a short term nomination agreement with Sheffield Hallam University expiring at the ned of the 2019/2020 academic year. The remaining bedspaces are directly let to students on ASTs. A ground floor commercial unit is let Sheffield Health and Social Care NHS Foundation Trust 15 years from November 2005.. The Leasehold parts of the property are held on leases expiring in 2201 and 2638.			29,390,000	29,390,000
20.3	Sheffield, The Anvil (6 June 2017)	The property was purpose built in 2007 and provides 163 student bedrooms within ensuite cluster flats and studios. 90 bedspaces are subject to a short term nomination agreement with Sheffield Hallam University expiring at the ned of the 2019/2020 academic year. The remaining bedrooms are directly let to students on ASTs. The property is held on a lease expiring in November 2145.		9,660,000		9,660,000
	TOTAL		£1,415,390,000	£132,820,000	£85,410,000	£1,633,620,000

PART III

CONFLICTS LETTER

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20 September 2019

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For the attention of Katrina Haley
HSBC Bank plc as Lead Arranger, HSBC UK Bank plc as Liquidity Facility Provider

USAF BOND ISSUE VALUATION

This is to 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. Tim Pankhurst has signed the USAF reports since September 2017 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 USAF Finance II Ltd, the valuations have been reviewed by a different signatory to that of the Fund. Jo Winchester, Head of Student Housing Valuation and Advisory, has undertaken a review of the valuation. We can confirm that Jo Winchester has not, to date, been a signatory for the USAF valuation. Michael Brodtman, Executive Director, is also a signatory to the report for HSBC UK Bank plc, and similarly we can confirm that Michael Brodtman has not been a signatory for the USAF valuation since Project Pinot began.

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 and 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 March 2019) 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 is 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 require any further information please contact us.

Yours sincerely,

J. Winchester

JO WINCHESTER FRICS
EXECUTIVE DIRECTOR – VALUATION AND ADVISORY SERVICES

Geraldine Mash

GERALDINE MASH
COMPLIANCE DIRECTOR

CBRE

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