



Braemar Group PCC Limited
Student Accommodation Cell

INFORMATION MEMORANDUM

In respect of an offer for subscription of up to 25,000,000 Redeemable Ordinary Shares in the Student Accommodation Cell of £0.0001 each at the relevant NAV per Share at each Dealing Day.

IMPORTANT NOTICE

This Information Memorandum of the Student Accommodation Cell of Braemar Group PCC Limited has been prepared to comply with the terms of Rule 10.01 of The Collective Investment Schemes (Class B) Rules 1990 as issued by the Guernsey Financial Services Commission (the "Commission") pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (the "Investors Law") as amended.

The Company is an open-ended investment company incorporated in Guernsey with registration number 48236 on 19 December 2007. The Company was established as a protected cell company and is governed by the provisions of The Companies (Guernsey) Law, 2008 as amended (the "Guernsey Companies Law"). Persons investing in and dealing with a Cell of the Company shall only have recourse to and their interest shall be limited to the assets from time to time attributable to the relevant Cell and they shall have no recourse to the assets of any other Cell or, except as provided under the Guernsey Companies Law, against any non-Cellular assets of the Company.

The Company has been authorised by the Commission as a Class B Scheme under the Investors Law. In giving this authorisation the Commission does not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it. Investors in the Company are not eligible for payment of any compensation under the Collective Investment Scheme (Compensation of Investors) Rules 1988 made under the Investors Law.

The distribution of this Information Memorandum and the offering of Shares in the Cell of the Company may be restricted in certain jurisdictions. It is the responsibility of any person wishing to make an application hereunder to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in connection herewith, including the obtaining of any Governmental or other consent that may be required or other formalities needed to be observed or the payment of any transfer or other taxes required to be paid. In particular, the Redeemable Ordinary Shares in the Cell in the Company have not been registered under the United States Securities Act of 1933, as amended, and none of the Shares may be offered, sold, transferred, acquired or delivered directly or indirectly in the United States of America, its territories, or possessions and all areas subject to its jurisdiction or to any US person as defined in the Company's Articles of Association. The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended.

This Information Memorandum is not available to the general public in the United Kingdom. It may be issued by Braemar Securities Limited, which is authorised and regulated in the UK by The Financial Services Authority, on a confidential basis, to a limited number of potential sophisticated investors and to other persons authorised pursuant to the Financial Services & Markets Act 2000 for the sole purpose of providing information about a potential investment in the Company. The Company referred to in this Information Memorandum constitutes an "unregulated collective investment scheme" for the purposes of the restriction on the promotion of unregulated schemes under section 238 of the FSMA and, accordingly, Shares of the Company cannot be marketed in the UK to the general public by any FSA authorised person. Pursuant to the FSMA, the only categories of person in the UK to whom this Information Memorandum is being distributed by Braemar Securities Limited are: (i) persons authorised under the FSMA; and (ii) qualifying institutions or corporations and other categories of investor to whom unregulated collective investment schemes can be marketed without contravening the FSMA ("Exempt Recipients"). The transmission of this Information Memorandum to any other person in the UK is unauthorised and may contravene the FSMA. Braemar Securities Limited acts solely for the Company in issuing this Information Memorandum. Braemar Securities Limited has not authorised any other person to provide any information or make any representation or communication concerning the Company and if given or made such information, representation or communication must not be relied upon. Any communication of this Information Memorandum, any part of it or its use in any presentation by any third party FSA authorised (or exempt) entity (including, solicitors, financial advisers, accountants or other relevant professionals) (each a "Professional Adviser") to their clients is on the basis that the Professional Adviser considers that subscription by such clients in the Company is suitable for them. Any such communication of this Information Memorandum or part of it and that communication's compliance with FSMA and the rules of the FSA are the sole responsibility of the relevant Professional Adviser. This Information Memorandum may not be passed on in whole or in part by any Professional Adviser to any other potential subscriber. In such circumstances, the Professional Adviser and not Braemar Securities Limited has communicated this Information Memorandum. Investment in

the Company will only be available to Exempt Recipients and persons to whom Exempt Recipients may promote interests in the Company in accordance with the Conduct of Business Sourcebook of the FSA ("Exempt Recipient Customers"). Applications from persons other than Exempt Recipients and Exempt Recipient Customers will be rejected.

Please note that this is a highly confidential document and should only be discussed by potential investors with their professional advisers. This Information Memorandum should not be distributed, published or reproduced, in whole or in part, nor should its contents be disclosed by recipients to any other person.

This Information Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. No person may treat this Information Memorandum as constituting an invitation to them, unless in a relevant territory such an invitation could lawfully be made to them without compliance with any registration or any other legal requirements.

The Redeemable Ordinary Shares of £0.0001 each of the Student Accommodation Cell are admitted to the Official List of the Channel Islands Stock Exchange.

Neither the admission of the Shares to the Official List nor the approval of the Listing Document pursuant to the listing requirements of the CISX shall constitute a warranty or representation by the CISX as to the competence of the service providers to or any other party connected with the adequacy and accuracy of the information contained in the Listing Document or the suitability of the issuer for investment or for any other purpose. Listing of the Shares on the CISX does not, however, imply that there will be an active market in the Shares.

Ozannes Securities Limited, as sponsor to the listing on the CISX, is acting for the Company and for no one else in connection with the offer for subscription and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Ozannes Securities Limited or for affording advice in relation to the contents of this Information Memorandum or any other matters referred to herein. Ozannes Securities Limited is not responsible for verification of the facts, opinions or other material in this Information Memorandum. This Information Memorandum includes particulars given in compliance with the Listing Rules of the CISX for the purpose of giving information with regard to the Company. The Directors, whose names appear on page 4, accept full responsibility for the information contained in this Information Memorandum and confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, the information contained in the Information Memorandum is in accordance with the facts and there are no other facts the omission of which would make any statement herein misleading. The Directors accept responsibility accordingly.

Prospective investors should not treat the contents of this Information Memorandum as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- (a) the legal requirements within their own countries for the purchase, holding, redemption or other disposal of Shares;
- (b) any foreign exchange restrictions which they might encounter; and
- (c) the tax and other consequences which may apply in their own countries relevant to the purchase, holding, redemption or other disposal of Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax and related matters concerning the Cell of the Company and an investment therein.

Investment in the Cell should be viewed as a long-term investment, early liquidity cannot be assured.

Past performance is not necessarily an indication of future returns, the value of property and of an investment in the Company can go down as well as up.

THE ATTENTION OF INVESTORS IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" ON PAGES 25 TO 28.

This revised and updated Information Memorandum is dated 25 September 2009.

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Management & Administration

Company

Braemar Group PCC Limited
Frances House
Sir William Place
St. Peter Port
Guernsey GY1 4HQ

Promoter and Distributor

Braemar Securities Limited
Richmond House
Heath Road
Hale
Cheshire WA14 2XP

Administrator, Registrar, Transfer Agent and Secretary

Bachmann Fund Administration Limited
Frances House
Sir William Place
St. Peter Port
Guernsey GY1 4HQ

CISX Listing Sponsor

Ozannes Securities Limited
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

Tax Adviser

KPMG LLP
St. James' Square
Manchester M2 6DS

Directors of the Company

Marc Joel Duschenes (Chairman)
Paul Martin Duquemin
John Nigel Ward

Advisers on Guernsey Law

Ozannes
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

Advisers on UK Law

Beachcroft LLP
St. Ann's House
St. Ann Street
Manchester M2 7LP

Auditor of the Company

PKF (Guernsey) Limited
Sarnia House
Le Truchot
St. Peter Port
Guernsey GY1 4NA

Custodian and Principal Bankers

Royal Bank of Canada
(Channel Islands) Limited
P.O. Box 48
Canada Court
Upland Road
St. Peter Port
Guernsey GY1 3BQ

Additional Advisers to the Student Accommodation Cell

Strategic Adviser and Valuation Agent

Knight Frank LLP
55 Baker Street
London W1U 8AN

Property Lawyers

Lupton Fawcett LLP
Yorkshire House
East Parade
Leeds LS1 5BD

Property Adviser

Braemar Estates (Residential) Limited
Richmond House
Heath Road
Hale
Cheshire WA14 2XP



OZANNES

Braemar Group plc



RBC Wealth Management*

PKF
Accountants &
business advisers



Definitions

Accounting Date

31 March in each year.

Act

Income and Corporation Taxes Act 1988 of the UK (as amended from time to time).

Administrator

Bachmann Fund Administration Limited or such administrator as may be appointed from time to time by the Company.

AIM

The Alternative Investment Market of the London Stock Exchange plc.

Application Form

The application form which is available from the Promoter, whose address is on page 4, or by download from www.braemar-group.co.uk.

Articles

Articles of Association of the Company.

Auditor

PKF (Guernsey) Limited or such auditor as may be appointed from time to time by the Company, in accordance with the Articles.

Board

The board of Directors.

Braemar Estates

Braemar Estates (Residential) Limited, a company incorporated in England and Wales, the Property Adviser to the Company.

Braemar Securities

Braemar Securities Limited, a company incorporated in England and Wales, the Promoter of the Company.

Business Day

Any day, other than Saturday or Sunday or a Bank Holiday in England and/or Guernsey.

Cell

A cell of the Protected Cell Company created for the purpose of segregating and protecting Cellular Assets in the manner provided by the Guernsey Companies Law including, as the context requires, the Student Accommodation Cell and the term "Cells" shall be construed accordingly.

Cellular Assets

The assets of the Company attributable to a Cell pursuant to the Guernsey Companies Law.

CGT

Capital Gains Tax, a tax levied in the UK on capital gains.

CISX

The Channel Islands Stock Exchange, LBG.

Class B Rules

The Collective Investment Schemes (Class B) Rules 1990 as issued by the Commission pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987 as applicable to the Company (as amended from time to time).

cluster flat

A number of bedrooms, rented on an individual basis, but with communal kitchen and bathroom facilities, forming a single apartment.

Commission

The Guernsey Financial Services Commission.

Company

Braemar Group PCC Limited.

Custodian

Royal Bank of Canada (Channel Islands) Limited or such other custodian as may be appointed from time to time by or on behalf of the Company.

Dealing Day

The Subscription Day and/or the Redemption Day, as the context requires.

Directors

Directors of the Company.

Existing Portfolio

The portfolio of property that is owned by the Cell at the date of this document

Facility Agreements

The agreements entered into with Barclays Bank plc establishing the terms of the debt facilities to finance the acquisition of the Existing Portfolio.

First Dealing Date

12 December 2008.

FSMA or The Act

The Financial Services and Markets Act 2000 (as amended from time to time).

GAV or Gross Asset Value

The gross asset value, being the aggregate value of all assets of the relevant Cell before deducting all liabilities of that Cell as at the date of the relevant Dealing Day.

Guernsey Companies Law

The Companies (Guernsey) Law, 2008 (as amended from time to time).

HMRC

Her Majesty's Revenue & Customs.

IFA

Independent Financial Adviser.

Information Memorandum or Listing Document

This document.

Introducing Adviser

An independent financial adviser or other professional adviser who has introduced the Company to his or her client.

Investment Committee

The investment committee, a sub-committee of the Board.

Investor(s)

Any person, vehicle or company which invests in the Cell and the term "Investors" shall be construed accordingly.

Investors Law

The Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended from time to time.

KPMG

KPMG LLP, the tax advisers to the Company.

Lending Bank

A lending bank to the Student Accommodation Cell or any of its SPVs as may be appointed from time to time by or on behalf of the Company.

LTV or Loan To Value

Loan to value, usually expressed as a percentage, equal to the amount of the loan(s) outstanding at any particular time divided by the Market Value of the Portfolio.

Member

A holder of shares in the Company.

Minimum Redemption

The minimum amount which may be redeemed (currently £3,000 or equivalent in value, which may be varied from time to time by the Directors).

Minimum Subscription

The minimum amount which may be initially subscribed for Shares (currently £10,000 or equivalent in value, which may be varied from time to time by the Directors) and the minimum subscription amount per additional investment by each Shareholder of £3,000 or equivalent in value (which may be varied from time to time by the Directors).

MV or Market Value

The market value of the Portfolio on each Dealing Day, as verified by the Valuation Agent.

NAV

The net asset value, being the aggregate value of all assets of the Student Accommodation Cell after deducting all liabilities of the Cell as at the date of the relevant Dealing Day.

NAV per Share

The NAV divided by the number of Shares in issue from time to time.

Net Interest Cover

The amount by which the rental income exceeds the amount of interest payable.

Nominal Shares

Shares issued at par to the Administrator for the purpose of redemption of Redeemable Ordinary Shares.

Non-redeemable Shares

Shares of £0.0001 each issued to Braemar Securities or its nominee.

Official List

The official list of the CISX.

Portfolio

The portfolio of property held on behalf of the Cell as described in this Information Memorandum.

Promoter

Braemar Securities Limited.

Property Adviser

Braemar Estates or such other property adviser as may be appointed by the Company on behalf of the Cell.

Protected Cell Company or PCC

The Company governed as a protected cell company by the provisions of The Companies (Guernsey) Law, 2008 as amended or re-enacted from time to time.

Redeemable Ordinary Shares or Shares

Redeemable Ordinary Shares of the Student Accommodation Cell.

Redemption

A redemption of Shares by an Investor.

Redemption Day

The last Business Day in each month (or such other or additional days as the Directors may determine) representing the dates on which Shares may be redeemed.

Redemption Notice

Written request by an Investor to redeem Shares.

Redemption Notice Period

By the first day of the month prior to the month in which the Redemption Day is intended to occur. By way of example, for redemption on the last Business Day of March notice would have to be received by 1 February.

Relevant Shares

Any shares that are subject to the issue of a Redemption Notice.

Rental Underwriting Agreements

The agreements between The Mansion Group Limited and the Company under which The Mansion Group Limited has underwritten the rental income from the Existing Portfolio for five years from the date of acquisition.

Shareholder

A holder of Shares.

Shares

Redeemable Ordinary Shares of the Student Accommodation Cell.

Special Purpose Vehicle or SPV

A company incorporated in Guernsey and a wholly owned subsidiary of the Cell, formed to facilitate the acquisition of properties.

Sponsor

Ozannes Securities Limited or such other listing sponsor as may be appointed from time to time by or on behalf of the Company in respect of the listing of Shares on any stock exchange.

Strategic Adviser

The independent property consultant appointed by the Directors from time to time to advise, inter alia, on the acquisition strategy of the Cell, the first being Knight Frank LLP.

Student Accommodation Cell

The specific Cell, being the Student Accommodation Cell, of the Company that entitles Investors to participation in the Portfolio.

Subscriber

Person, vehicle or company making a Subscription to purchase Shares in the Student Accommodation Cell.

Subscription

Monies subscribed by an Investor to purchase Shares in the Student Accommodation Cell.

Subscription Day

The last Business Day in each month (or such other or additional days as the Directors may determine) representing the dates on which Shares may be issued.

Subscription Notice Period

Prior to 5pm (Guernsey time) on the 24th day of the month in which the Subscription is to be dealt or, if not a Business Day, the preceding Business Day.

Subscription Price

NAV per Share corresponding to the relevant Subscription Day.

Supplements

Any and all supplementary offering documents issued by the Company from time to time in respect of the offer of Shares.

UK

United Kingdom.

Valuation Agent

The independent property valuer appointed by the Directors from time to time, the first being Knight Frank LLP.

Valuation Date

The last Business Day in each month (or such other or additional days as the Directors may determine).





Executive Summary

This summary should be read in conjunction with and in the context of the Information Memorandum as a whole and is in respect of the Student Accommodation Cell.

The Student Accommodation Cell provides a listed, debt-gearred, tax-efficient and diversified exposure to student accommodation through the acquisition of properties suitable for student tenancy in the UK.

Investment in the Student Accommodation Cell should be viewed as a long-term investment, early liquidity cannot be assured.



Introduction

The Student housing market is estimated to be worth £6.6 billion currently and is forecast to grow to over £20 billion in the next five years, as student numbers continue to grow, rents rise and more students choose to live in purpose built accommodation.

The Student Accommodation Cell provides investors with exposure to the UK rented student accommodation market, by acquiring established blocks and sites for the development of properties to be run as privately operated halls of residence, with the potential for income generation and capital growth. The Existing Portfolio, valued at £27.5 million, consists of 519 bedrooms, in four existing halls of residence.

Student accommodation has performed strongly over recent years and it is the Directors' opinion that the privately operated halls of residence market will continue this performance over at least the next three years for a number of sustainable reasons:

- Student numbers are expected to increase by over 28% by 2014.
- Universities have limited resources for investment in accommodation.
- Overseas student numbers are increasing and they typically look for high specification property that can be occupied 52 weeks a year.
- The House in Multiple Occupation ("HMO") legislation may force some landlords to quit the market.
- Universities often commit to provide accommodation for all their first year students, but, outside London, can only accommodate up to 85% of their intake. In addition, most second and third year students are housed in privately owned accommodation.
- The National Union of Students predicts that private providers and private sector partnerships will account for the majority of all higher education accommodation by 2010.
- Rental growth within the student accommodation sector has consistently exceeded RPI inflation and this trend is expected to continue.

Channel Islands Stock Exchange Listing

The Shares in the Student Accommodation Cell were first admitted to the official list of the CISX on 12 December 2008. The CISX has approved the listing of up to twenty five million Shares of the Student Accommodation Cell by way of an offer for Subscription. The Share price is published in the UK Financial Times and also on Reuters, Bloomberg and Morningstar.

Investment Strategy & Policy

Investment Strategy

The Student Accommodation Cell gives investors the opportunity to invest, via a collective arrangement, in a portfolio of student accommodation for tenancy, with the potential for income generation and capital growth, without having to acquire and manage property directly.

The Student housing market is estimated to be worth £6.6 billion currently and is forecast to grow to over £20 billion in the next five years.

The Directors have invested the subscription monies to date and intend to invest future subscription monies in student accommodation in the UK. The target properties are existing blocks of student accommodation, properties that are suitable for conversion or renovation and sites for the construction of new buildings to be run as privately operated halls of residence. The Directors are looking for investment opportunities in all major University towns and cities.

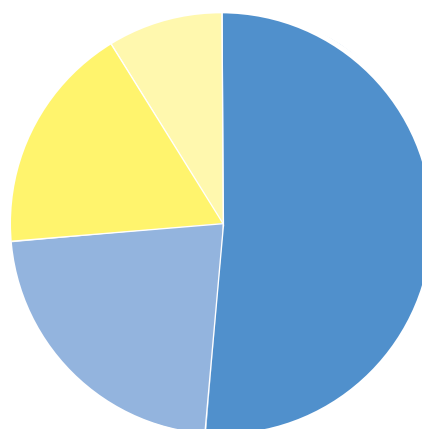
The Existing Portfolio, valued at £27.5 million, consists of 519 bedrooms, forming 125 leasehold cluster flats in four existing halls of residence. The flats are let direct to UK and overseas students and within any year of their University education. The Student Accommodation Cell may also invest in companies or funds that own student accommodation. Pending investment, the subscription monies shall be held on behalf of the Cell in interest-bearing bank accounts or through one or more AAA credit rated money market or liquidity funds.

Student accommodation has performed strongly over recent years, with total annualised returns of 10.2% over five years and 12.2% over three years, a stronger performance than the retail, industrial and residential property sector.

It is the Directors' opinion that the privately operated halls of residence market will continue this out-performance over at least the next three years for a number of sustainable reasons:

- Student numbers in the UK increased by 31% in the last decade to 2.34 million, of which 1.43 million are full time. The total number of students is expected to increase to over 3 million by 2014 according to the Department for Education, an increase of 28%. For the academic year 2009/2010 alone, UCAS has reported that applications overall were 12% higher than for the 2008/2009 year, with mature student applications increased by 20%.
- University owned accommodation accounts for around 23% of the available rooms in halls of residence. The Universities have limited resources for investment in accommodation, preferring to concentrate on the improvement of academic facilities to attract higher calibre students and, in particular, the higher fee paying overseas students.

- Overseas students currently represent approximately 15% of all full-time students and this is forecast to increase to 21% by 2018. Overseas students typically look for high specification property that can be occupied 52 weeks a year.
- Universities often commit to provide accommodation directly for their first-year students. However, there are sufficient places for only 85% of first-year students in halls of residence outside London. Universities rarely provide accommodation directly to students after their first year. Consequently, most second and third year students are housed in privately owned accommodation.
- The Houses in Multiple Occupation legislation, introduced in 2007, has added to landlords' costs, due to, for example, stricter fire and safety requirements, and may reduce the availability of this type of student accommodation, which currently accounts for 51% of all student accommodation. The National Landlords' Association conducted a survey in 2007, which showed that one in six landlords were considering whether to reduce their portfolios as a result of the new HMO legislation.

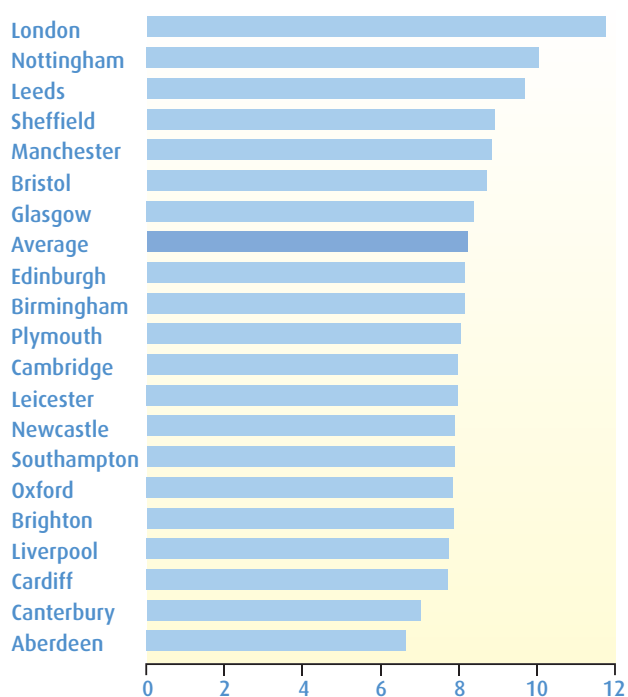


- HMO shared houses (730,499)
- University maintained property (323,235)
- Parental/guardian home (255,765)
- Commercial halls (123,536)

Source: King Sturge student accommodation research

- The National Union of Students predicts that private providers and private sector partnerships will account for the majority of all higher education accommodation by 2010.
- Rental growth within the student accommodation sector has consistently exceeded RPI inflation and this trend is expected to continue.

Rental growth in top 20 university towns 2006-07 (%)



Source: Higher Education Statistics Agency/Savills Research

The Student Accommodation Cell currently owns, via a number of SPVs, long-leasehold interests in 519 bedrooms, forming 125 cluster flats, across four sites, two of which are in Manchester and one in each of Bristol and Newcastle. These rooms benefit from a gross annual rent roll in excess of £2.25 million, representing a gross yield of 8.2%. Full occupancy and a minimum annual rental increase of 4% has been underwritten by The Mansion Group Limited and a number of its subsidiaries (“Mansion Group”), the vendor of the Existing Portfolio, for five years from the date of acquisition. Mansion Property Management Limited (“Mansion”), a wholly owned subsidiary of Mansion Group, is contracted to continue to provide property management services for these flats during the period of each Rental Underwriting Agreement. The Directors intend to appoint specialist student property managers to manage any further additions to the Portfolio, who will be supervised by the Property Adviser.

The Existing Portfolio comprises:

Location	Number of cluster flats	Number of beds	Valuation £million
Manchester	40	140	8.685
Manchester	11	37	2.293
Bristol	40	157	7.974
Newcastle	34	185	8.557
Total	125	519	27.509

The Directors intend to invest further subscription monies, net of any redemptions, in acquiring additional blocks of existing student accommodation or halls of residence for refurbishment, as well as properties that can be converted, or sites that can be developed, into halls of residence or self-contained apartment blocks. The Directors intend to renovate the properties to a high standard, including internet access, attractive communal areas and the provision of certain white goods, where they are not already of sufficiently high standard.

The bedrooms are marketed, primarily, to second and third year students, overseas students and post-graduates who are looking for value for money accommodation, priced similarly to privately run HMOs, but with the benefit of a high specification fit out and the security and community of a hall of residence environment. The bedrooms are let direct to the students, typically on between 48 and 52 week tenancies.

Investment Policy

The Student Accommodation Cell will not alter its investment policy for a period of three years from listing of the Shares on the CISX, without prior shareholder approval.

Investment Restrictions

The Student Accommodation Cell invests, via one or more SPVs, directly in student accommodation, by the acquisition of existing blocks of student accommodation, or properties that are suitable for development, conversion or renovation to be run as privately operated halls of residence. After an initial investment period of two years from the First Dealing Date, the Directors intend that no single investment asset should represent more than 25% of the gross asset value of the Student Accommodation Cell and that no more than 33% of the gross asset value of the Student Accommodation Cell should be in any one University town or city. The Student Accommodation Cell may also, either directly or through one or more SPVs, take minority interests in the shares of companies or funds that own student accommodation, but the Student Accommodation Cell may not invest in companies or funds which themselves invest in other companies or funds.

Borrowing

The amount of borrowing currently contemplated against the Portfolio of the Student Accommodation Cell is no more than 70% of its Market Value. The amount of borrowing, at the date of this document, is approximately 48% of the Market Value of the Existing Portfolio.

Investment Structure

An Investor's subscription monies will purchase Shares in the Student Accommodation Cell, which in turn will invest via one or more SPVs.

Cash awaiting investment shall be held on behalf of the Student Accommodation Cell in interest-bearing bank accounts or through one or more AAA credit rated money market or liquidity funds.

Structure Financing

Bank Loan Facilities

The Student Accommodation Cell is financed by a number of loan facilities via SPVs, which are wholly owned by the Student Accommodation Cell.

The key terms of the Facilities are as follows:

- The amount of borrowing against individual properties in the Existing Portfolio is limited to a range of LTVs of between 53% and 61% and to provide a minimum Net Interest Cover of between 125% and 150%. In the event that either of these tests was not met, the Directors would have to organise immediate property disposals or utilise any available surplus cash reserves.
- The Facilities are at a fixed margin of between 175 and 250 basis points over three month LIBOR plus mandatory costs. The costs of borrowing are hedged for the full period of the loans.
- The Facilities are secured by fixed charges and debentures over the assets of the SPVs, assignments and charges over certain other accounts and contracts, security interests over the shares in the SPVs and warranties from Mansion Group in respect of the rent underwritten. The Facilities are non-recourse to Investors.
- The Student Accommodation Cell intends to procure that the SPVs shall use the quarterly net rental income to cover at least the quarterly loan interest and all of the operating expenses. The facilities provide for a "cash trap" mechanism whereby only net rental income in excess of the Bank's required Net Interest Cover (after the deduction of certain pre-defined expenses) can be released for general utilisation by the SPVs. In the event that the value of the Existing Portfolio was expected to fall such that the LTV would be greater than the agreed level of debt gearing, the Directors would have to return the LTV back to the agreed level of debt gearing by organising immediate property disposals or utilising any available surplus cash reserves. The loan to value ratios will be reviewed quarterly.

- The Lending Bank has security over the shares in the SPVs and debentures over all the assets of the SPVs, including their bank accounts. Any money loaned by the Cell to the SPVs will be subordinated to the security given in favour of the Bank. The SPVs will only be permitted to return money to the Cell to fund the expenses, dividend payments or redemption costs of the Cell if and only to the extent that the SPVs are capable of generating a rental income in excess of the Bank's required Net Interest Cover and builds up such a surplus.

Debt Gearing

It is the Directors' intention to achieve and maintain in the long term a level of debt-gearing that is consistent with the net rental income being sufficient at least to cover the bank loan interest and the operating expenses of the Student Accommodation Cell. The maximum LTV across the Portfolio will be restricted to 70%. The amount of borrowing, at the date of this document, is approximately 48% of the Market Value of the Existing Portfolio.

In addition, in the event that the lending bank loan interest rate is variable after the end of the initial term, and if interest rates increase and this is not followed by an equivalent increase in the net rental income, then it may be necessary to operate at a lower LTV so that recurring income matches recurring costs.

The Directors may also arrange separate loans for different property assets with several banks. The choice of additional lending banks will ultimately depend on the outcome of the negotiations at the time that further funding is sought.

Management Structure

Directors

The Directors of the Company are:

Marc Joel Duschenes (Chairman)

Mr Duschenes is the co-founder and Chief Executive of Braemar Group plc, and a non-executive director of a number of public and private companies. Braemar Group specialises in creating and managing investment vehicles for high net worth individuals to invest in real estate through collective investment schemes. He has led the growth of the business through the addition of block and property management and corporate finance since Braemar was admitted to AIM in 2005. He was formerly Director of Sales/Trading with Kleinwort Benson Securities, part of the Dresdner/Allianz group of companies, and has been active in real estate management and investment for over ten years. He is resident in the UK.

Paul Martin Duquemin

Mr Duquemin is the Managing Director of Bachmann Fund Administration Limited. Prior to joining Bachmann in 2005, Mr Duquemin had been a director of BISYS Fund Services (Guernsey) Limited. He has over 20 years' experience in offshore finance, mostly in fund administration with Rothschild Asset Management and BISYS Fund Services. He is a member of the Institute of Directors and holds the IoD diploma in Company Direction. He also currently sits on the board of several offshore funds and companies. He is resident in Guernsey.

John Nigel Ward

Mr Ward has over 35 years' investment and banking experience and is currently a Vice-President of Bank Sarasin (CI) Ltd. He is director of Crystal Amber Fund, an opportunistic fund investing in undervalued UK equities, the shares of which are traded on AIM, and the Premier RENN Entrepreneurial Fund Limited. He has a wide experience of international investment markets, private and retail banking, compliance and also of the managed funds industry gained over the past 20 years at Barings, where he was, until December 2007, a director of Guernsey based Baring Asset Management (CI) Limited and before that at TSB Bank and National Westminster Bank. He is an Associate of the Institute of Financial Services, a member of the Institute of Directors and holds the IoD Diploma in Company Direction. He is resident in Guernsey.

The aggregate remuneration paid and benefits in kind granted to the Directors in respect of the last financial year was £7,543.

The aggregate remuneration to be paid by the Student Accommodation Cell to the Directors of the Company and its SPVs in respect of the current financial year shall not exceed £60,000.

Mr Duquemin, as Managing Director of Bachmann Fund Administration Limited, is considered to have an interest in any agreement between the Company and Bachmann Fund Administration Limited. Mr Duschenes, as director and shareholder of Braemar Group plc, is considered to have an interest in any agreement between the Company and Braemar Securities and between the Company and Braemar Estates. Subject to those interests, as of the date of this document, there are no contracts or arrangements subsisting in which any Director is materially interested, neither are there any outstanding loans made by the Company to any Directors.

Strategic Adviser and Valuation Agent

Knight Frank, as a leading global residential and commercial property consultancy and a specialist in student property, has been retained by the Student Accommodation Cell to act as Strategic Adviser and Valuation Agent. The strategic advice provided to the Student Accommodation Cell includes identifying target markets for growth, areas where they consider that there is an opportunity for value added, locations which they consider under priced by the market, target universities, prime city targets and advice on value implications in the structuring of an investment in a particular building. Knight Frank's role as Valuation Agent requires the calculation, on a quarterly basis, of the MV of the properties owned by the Student Accommodation Cell.

Property Adviser

Braemar Estates was appointed on 16 September 2009 to source potential acquisition opportunities for the Cell and to oversee, through the appointment by the Student Accommodation Cell of specialist student property management companies supervised by Braemar Estates, the provision of a full management and letting service in respect of any future acquisitions in the Portfolio.

Braemar Estates is a wholly owned subsidiary of Braemar Group plc and was incorporated in England and Wales with limited liability on 13 March 2001. Braemar Group plc was established in 2001 and quoted on AIM in 2005.

Braemar Estates manages a diverse property portfolio worth over £250 million in the UK on behalf of freeholders and leaseholders. In addition, it provides a full management service to ten residential property funds operated by Braemar Securities and to a number of private landlords.

The Property Adviser is committed to ensuring that the Student Accommodation Cell will benefit from "best terms" at all times and the Property Adviser may not itself deal in Shares without accounting to the Company for profits.

The Property Adviser's fees are detailed on page 19 and are payable by the Student Accommodation Cell.

Administrator

The Administrator is Bachmann Fund Administration Limited, a company incorporated in Guernsey as Bachmann Asset Management Limited with limited liability on 12 March 1993. Its name changed on 31 May 2002. The Administrator provides third-party fund administration to a wide range of investment funds. The Administrator is licensed in Guernsey by the Guernsey Financial Services Commission under applicable law to carry on business as an administrator of collective investment schemes. The Administrator is responsible for the management and administration of the Company's administrative, financial and legal affairs under the terms of the Administration Agreement.

The Administrator's fees are detailed on page 19 and are payable by the Student Accommodation Cell.

Custodian

The Custodian is Royal Bank of Canada (Channel Islands) Limited, a company incorporated with limited liability in Guernsey on 10 July 1973 with its registered office and principal place of business at P.O. Box 48, Canada Court, Upland Road, St Peter Port, Guernsey GY1 3BQ. Its authorised share capital is 7,500,000 shares of £1 of which 5,000,000 have been issued and fully paid. The principal activities of the Custodian are the provision of banking and custody services and its ultimate owner is Royal Bank of Canada, a company with limited liability incorporated in Halifax, Nova Scotia, Canada in 1869 and with its registered office at 1 Place Ville Marie, Montreal, Quebec, Canada.

The Custodian is licensed under the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (as amended) and the Investors Law to carry on banking and investment business in Guernsey. The Custodian is also licensed under the Banking Business (Jersey) Law 1991 and the Financial Services (Jersey) Law 1998 to carry on banking business, fund services business and investment business in Jersey. The Custodian had, as at 31 July 2009, US\$32.1 billion of assets under custody.

The Custodian is licensed in Guernsey as a Bank and is also licensed by the Commission under the Investors Law to carry on the business of a Trustee of Collective Investment Schemes. The Custodian will provide custody services to the Company pursuant to the Custodian Agreement. The fees and expenses of the Custodian are paid by the Student Accommodation Cell.

The Custodian will be responsible for all assets held directly by the Company.

The Custodian will receive quarterly valuation reports from the Valuation Agent in order to monitor the underlying assets and liabilities of the Company.

The Custodian will have no decision-making discretion relating to the investments of the Company. The Custodian is not responsible for the selection or valuation of investments.

The Custodian is a service provider to the Company, is not responsible for the preparation of this document and accepts no responsibility for the accuracy of any information contained in this document.

The Custodian has delegated its registrar function to the Administrator. The Custodian may appoint sub-custodians, agents or delegates ("sub-custodians") to hold the assets of the Company, provided that the Custodian shall exercise reasonable skill, care and diligence in the selection of a suitable sub-custodian and shall be responsible to the Company in respect of the Cell for the duration of the sub-custody agreement for satisfying itself as the ongoing suitability of the sub-custodians to provide custodial services to the Cell. The Custodian will also maintain an appropriate level of supervision over the sub-custodians and will make appropriate inquiries periodically to confirm that the obligations of the sub-custodians continue to be competently discharged.

The Custodian's fees are detailed on page 19 and are payable by the Cell.

Promoter and Distributor

Braemar Securities is regulated and authorised by the UK Financial Services Authority and has specific approval from the FSA to promote unregulated collective investment schemes. In its capacity as Promoter, Braemar Securities has been appointed to co-ordinate the distribution of the Shares. In addition, in its capacity as Distributor, Braemar Securities will seek to distribute the Shares through financial intermediaries (including IFAs). Braemar Securities promotes and manages real estate investment funds, via collective and tax efficient investment schemes.

The Promoter's fees are detailed on page 19 and are payable by the Student Accommodation Cell.

CISX Listing Sponsor

The Listing Sponsor is Ozannes Securities Limited, a limited liability company incorporated in Guernsey and an affiliate of Ozannes, one of Guernsey's leading law firms tracing its origins back to 1842.

The Listing Sponsor's fees are detailed on page 19 and are payable by the Student Accommodation Cell.

Subscription & Prevention of Money Laundering

Subscription Procedure

Shares were available for allotment and issue at the initial Subscription Price of £1.00 as at the First Dealing Date on 12 December 2008. After the First Dealing Date, Shares are available for Subscription on any Subscription Day at the Subscription Price subject to the Subscription Notice Period. The Minimum Subscription for Shares is £10,000 (or equivalent in value) in respect of the initial Subscription by a Shareholder and £3,000 (or equivalent in value) thereafter for additional Subscriptions by that Shareholder. The Directors, at their discretion, however, may vary the Minimum Subscription. Shares will be issued to 2 decimal places.

Application for Shares must be made in writing on the Application Form, which is available from the Promoter (whose address is set out on page 4) or by download from www.braemar-group.co.uk, and submitted by facsimile or in writing to the Promoter to be received on behalf of the Administrator by 5pm on the 24th day of the month of the relevant Subscription Day (or, if not a Business Day, the preceding Business Day) or such other date or time as may be determined by the Directors. The Directors reserve their discretion to accept Application Forms that are received late. Facsimile requests must be confirmed immediately by sending the original form to the Promoter.

The Subscription Days comprise the last Business Day of each month (or such other or additional days as may be determined by the Directors). An acknowledgement of the investment will be made by the issue of a contract note, which will be sent to Investors by the Administrator within seven Business Days of the relevant Subscription Day. NAVs per Share of the Cell will be prepared as at the same dates as the Subscription Days and the Subscription Price will be the NAV per Share corresponding to the relevant Subscription Day. Applications received after the cut-off time for the relevant Subscription Day will be carried forward to the next Subscription Day. All payments, comprising cleared monies for Shares, must be received on behalf of the Student Accommodation Cell by 5pm on the Business Day prior to the relevant Subscription Day. If cleared monies are not received by this time then the application may be held over until the Subscription Day immediately following receipt of cleared monies. Incomplete Applications will be returned to the applicant without being logged as received.

The Administrator has no obligation to issue certificates in respect of Shares. Title to Shares will be evidenced by entries on the register of holders, held by the Administrator.

Procedures for the Prevention of Money Laundering

Measures aimed towards the prevention of money laundering require each Subscriber to verify his/her identity and source of funds and wealth to the Administrator and applicants are therefore required to produce the documents as outlined in Note A on page 1 of the Application Form, which must be attached to the Application Form. This obligation is absolute and the Administrator will notify Subscribers if proof of identity in addition to that specified below is required. At its discretion, however, the Administrator will usually accept a Money Laundering Certificate as evidence that the Introducing Adviser has diligently carried out appropriate money laundering prevention checks as detailed below. An example of such Money Laundering Certificate is set out in Form C contained in the Application Form.



Valuation, Redemption, Transfer, Switching & Distribution Policy

Valuation

The NAV per Share of the Student Accommodation Cell will be calculated in Sterling (and rounded to four decimal places) as at each Valuation Date by the Administrator and will reflect the aggregate of the current MVs prepared by the Valuation Agent in respect of the land and buildings in the Portfolio. The Valuation Agent will update the MVs each quarter. The NAV per Share will be published by the Administrator normally within five Business Days of the Valuation Date. Full valuations will be prepared by the Valuation Agent in accordance with the latest Royal Institution of Chartered Surveyors Valuation Standards using comparative investment valuation methods. The NAV per Share will reflect all assets and liabilities of the Cell. The appropriateness of this valuation methodology will be reviewed as necessary from time to time.

Redemption Procedure

Shareholders may apply to have their Shares redeemed on the next Redemption Day subject to the following conditions.

With a view to protecting the interests of Shareholders, the Directors are entitled at their discretion to limit the value of Shares in the Student Accommodation Cell redeemed on any Redemption Day to 10% of the Net Asset Value of the Student Accommodation Cell. In such event, the limitation will apply pro rata so that all Shareholders wishing to redeem Shares on that Redemption Day will redeem the same proportion of such Shares. Shares not redeemed will be carried forward for redemption, subject to the same limitation, on the next Redemption Day provided that redemption applications brought forward will be satisfied first. Shareholders will be notified if their requests for redemption are so carried forward.

The Redemption Days for redemptions are the last Business Days of each month (or such other or additional days as the Directors may determine). Requests to redeem Shares must be made in writing to the Promoter for an amount equal or greater than the Minimum Redemption to be received by the Promoter on behalf of the Administrator by 5pm on the first day of the month prior to the month in which the Redemption Day is intended to occur, or such other date or time as may be determined by the Directors in their absolute discretion, and may be made by facsimile or in writing. Facsimile requests must be confirmed immediately in writing, which must be received by the Administrator prior to the release of any redemption proceeds. The written request to redeem Shares shall comprise the Redemption Notice. The following written information is required on the Redemption Notice: the name, the personal account number of the Shareholder issued to the Shareholder by the Administrator upon becoming an Investor, the number of Shares to be redeemed and

the Shareholder's bank information for the remittance of proceeds. Redemption Notices received after the above cut-off time will be carried forward to the next Redemption Day. Redemption Notices are irrevocable once received by the Promoter, and can only be cancelled at the discretion of the Directors.

Shares will normally be redeemed at NAV per Share, provided that there are either sufficient matching Subscriptions and/or sufficient cash available in the Student Accommodation Cell to meet the Redemption. Liquidity in the Cell will depend upon the ability to draw back cash from the SPV. Because of the security given by the SPVs to the Lending Bank (as described in the section on "Bank Loan Facilities"), the free cash within the SPVs will be limited and the ability to fund redemptions will be restricted. If, in the opinion of the Directors, insufficient subscription proceeds and/or insufficient cash is available to the Cell to meet such redemption requests as well as meeting its normal expenses, then it will be necessary to dispose of sufficient properties in the Portfolio to meet such redemptions. In such an eventuality, the Administrator will advise the redeeming Shareholders accordingly. In such circumstances, where disposals of the property assets of the Student Accommodation Cell are difficult due to poor market liquidity, the Directors may, at their absolute discretion, elect to delay the entire redemption for a period of up to twelve months, in order to achieve an orderly realisation of assets. In such circumstances, all subsequent redemption requests will similarly be delayed. Where it is necessary to delay a redemption, the Directors will reserve the right to adjust the Redemption Price to reflect the net proceeds received from the realisation of such assets.

In the event that a Redemption request would, if satisfied, reduce the value of the Shareholder's holding of Shares to a figure below the Minimum Subscription of £10,000, the request may be treated as a request to redeem that Shareholder's entire holding. The Directors have the power to redeem compulsorily Shares of any Shareholder whose existence as a Shareholder causes or may cause the Student Accommodation Cell to suffer any regulatory or fiscal restrictions in any jurisdiction in which the Company would otherwise not have suffered.

The Directors have the power to compulsorily redeem all Shares in issue if at any time the NAV for any two consecutive Redemption Days is less than £5 million.

An acknowledgement of the Redemption will be made by the issue of a contract note, which will be sent to Investors by the Administrator within seven Business Days of the relevant Redemption Day.

Settlement

Following a Redemption, payment of the redemption proceeds, net of any deductions, will be made to the relevant Shareholder in accordance with the instructions detailed in the Redemption Notice. Payments to third parties are not permitted. Except where redemptions are delayed (as described above), payment will normally be made in sterling within twenty days of the relevant Redemption Day and, wherever possible, the Administrator will endeavour to pay the Redemption proceeds within 10 Business Days of the relevant Redemption Day.

Redemption proceeds will normally be sent by telegraphic transfer at the expense and risk of the Shareholder credited to the bank account of the Shareholder as detailed in the Redemption Notice.

Transfers

The transfer of Shares may normally be effected by delivery to the Administrator of an instrument of transfer in a form acceptable to the Administrator together with a specimen signature of the transferee, subject to appropriate prevention of money laundering requirements. Upon advice from the Administrator, the Directors may at their absolute discretion decline to register a transfer of Shares. There will be no administration fee for the transfer of Shares.

Switching between Cells

The Student Accommodation Cell is the second of three Cells to be activated by the Company, the first being the UK Agricultural Land Cell and the third being the Ground Rents Cell. The Directors do not intend to enable Shareholders to switch between Cells.

Currency of Payment and Foreign Exchange Transactions

Where payments in respect of either a Subscription or a Redemption are tendered or requested in a freely transferable currency other than Sterling, the necessary foreign exchange transaction will be arranged by the Administrator for the account of, and at the expense of, the Applicant at the time, in the case of a Subscription, the cleared funds are received in the foreign currency and, in the case of a Redemption, at the time of the despatch of redemption proceeds. The Administrator will take no responsibility for the rate of exchange obtained.

Communications

All communications regarding Subscriptions, Redemptions, or transfers of Shares must be made to the Promoter whose details appear on page 4. All other Shareholder communications must be made to the Administrator whose details also appear on page 4.

Publication of Prices

The NAV per Share of the Student Accommodation Cell will be notified to the CISX by the Administrator as soon as practicable after calculation and will be published on the CISX website (www.cisx.com), on Reuters and on Bloomberg, in the UK

Financial Times or such other media as the Directors may from time to time deem appropriate. The NAV per Share will be calculated as at each Valuation Date and will be updated as soon as practicable.

Distribution Policy

The Directors have applied for UK Distributor Status for the Cell. This means that the Directors are required to distribute not less than 85% of net income of the Cell. The intention would be to make such distribution by way of one interim dividend per annum, which will be declared and paid no later than 30 September in each year. The first such dividend payment is anticipated to be paid in 2010 as no payment is due in respect of the first financial period. This should allow investment returns on redemption or transfer of Shares to be taxed as capital gains by HMRC, if applicable to the relevant Shareholder. Please refer to the Taxation section on pages 22 to 24 for further details of Distributor Status.

Fees

All fees are stated exclusive of VAT where applicable.

Subscription Fees

The following fees are payable and are subject to annual review:

Initial Fee. This will be up to 5% of the Subscription Price, out of which the Promoter will pay commission to Introducing Advisers. The Initial Fee will be deducted from the subscription monies received by the Administrator and is not an additional charge incurred by the Student Accommodation Cell.

No Transfer Fee. The Administrator will make no charge to transfer Shares between the seller and any buyer of Shares.

Redemption Fees

No Redemption Fee. Under normal circumstances no redemption fee will be charged, except where such redemption has required the disposal of underlying interests in the Portfolio. In this situation, the Administrator will deduct the pro rata fees, costs, associated loan costs, any tax charges and any other directly associated redemption costs from the Redemption proceeds as follows:

- Loan early repayment fee – the Lending Bank may charge a fee for early repayment part of the loan associated with property disposals.
- Property disposal expenses – these disposal expenses will include legal fees, notary fees and any third party agent's fees.
- Tax charges – see the Taxation section on pages 22 to 24 for details.
- Any other costs – those costs and expenses that are directly associated with the redemption process.

Recurring Fees

The following fees are payable by the Student Accommodation Cell and subject to annual review:

Administrator's Fee. This has been set at 0.30% of the NAV of the Cell per annum, calculated and accrued as at each relevant Dealing Day, and payable by the Student Accommodation Cell in arrears on or before the 15th Business Day in the month following the relevant Dealing Day, subject to a minimum fee of £60,000 per annum for this Cell. The Administrator is also entitled to receive a fee of £2,500 per annum in respect of each SPV established by the Company in pursuit of its investment objectives. The Administrator's minimum fees will increase annually by a percentage of at least the latest published RPI in Guernsey.

Custodian's Fee. This has been set at 0.03% of the NAV per Cell per annum, calculated and accrued as at each relevant Dealing Day, and payable by the relevant Cell in arrears on or before the 15th Business Day in the month following the relevant Dealing Day, subject to the minimum fee of £20,000 per Cell per annum and transaction fees of £30 per transaction.

Strategic Adviser and Valuation Agent's Fee. This has been set at 0.12% of the MV of each acquisition for the provision of the initial valuation and each quarterly valuation will be based on 0.02% of the MV of the Portfolio, calculated and accrued as at each Dealing Day, and payable in arrears by the Student Accommodation Cell on or before the 15th Business Day in the month following the relevant Dealing Day. The Property Adviser and the Promoter have each agreed to compensate the Student Accommodation Cell for any additional costs incurred as a result of the increase in fees payable to compensate the Strategic Adviser and Valuation Agent for its additional responsibility in respect of acquisitions and annual valuations.

Property Adviser's Fee. The Property Adviser is entitled to an acquisition fee of 1.0% of the purchase price of each property acquired for the Student Accommodation Cell and a disposal fee of 1.5% of the sale proceeds of each property disposed of. No acquisition or disposal fee is due where the Property Adviser has acted as counterparty to the transaction. The Property Adviser will not charge a fee for supervising the property managers appointed from time to time to manage each property in the Portfolio.

Promoter's Fee. This has been set at up to a maximum of 1.5% per annum of the NAV per Cell, calculated and accrued as at each Dealing Day, and payable in arrears by the relevant Cell on the 15th Business Day in the month following the relevant Dealing Day, out of which the Promoter may pay a trail fee.

Listing Sponsor's Fee. An initial fee of £2,500 per Cell and, thereafter, an annual fee of £1,000 per Cell.

Director's Fee. This has been set at £10,000 per annum per Director per Cell with an additional £5,000 per annum for the Chairman in his capacity as Chairman of the Company, such additional fee is apportioned between each of the Company's Cells.





Expenses

Expenses (inclusive of any irrecoverable VAT where applicable) which are payable out of the assets of the Cell, include, but are not limited to, the following:

- The annual running costs payable on the Existing Portfolio are paid by Mansion out of its management fee of 15% of gross rental income. In addition to which, a ground rent per cluster flat, amounting to £250 per annum doubling every ten years for the first 30 years, and a service charge, amounting to £200 per bed per annum, to cover all repairs and maintenance, fixed for the first two years and, thereafter, to increase annually by RPI, are expensed in respect of the Existing Portfolio.
- In respect of any additions to the Portfolio, from the date of this document, the Directors intend to offer prospective property managers an annual fee of 8% of gross rents and that all other direct costs will be paid as incurred, based on an agreed annual budget for each property. Direct costs are expected to include, inter alia, maintenance, repairs and renewals, annual sinking fund contributions, service charges, insurance, ground rents and on site staffing and security.
- Annual audit fee.
- Interest on permitted borrowings and charges incurred in effecting, terminating or drawing down such borrowings or in negotiating or varying the terms of such borrowing.
- Any costs incurred in modifying the principal documents by which the Company and/or the Cell are constituted, unless such modification is for the benefit of the Promoter or the Property Adviser.
- Any costs incurred in respect of meetings of Shareholders.
- The fees of the Commission and any regulatory authority in any country or territory outside Guernsey in which Shares are or may be marketed.
- Any regulatory, legal or other set-up and running costs incurred in Guernsey.
- Costs incurred in printing and publishing this Information Memorandum and any Supplementary Memorandum, annual reports and interim reports (if any).
- Expenses incurred in the preparation of the printing of certificates, proxy cards, tax vouchers, contract notes and any other shareholder communication.
- Any fees and expenses arising from registering the Company in foreign territories.
- Any fees and expenses arising from listing the Shares on the CISX and any other stock exchange (such fees and expenses are estimated to be in the region of £650 per Cell).
- Any out-of-pocket expenses of the Custodian in accordance with the Custodian Agreement; the fees and charges of the Custodian's agents and sub-agents; and the Custodian's unit settlement charges.
- Any out-of-pocket expenses of the Administrator in accordance with the Administration Agreement.
- Any out-of-pocket expenses of the Property Adviser, in accordance with the Property Adviser's Agreement.
- Any out-of-pocket expenses of the Promoter, in accordance with the Promotion and Distribution Agreement.
- Any out-of-pocket expenses of the Strategic Adviser and Valuation Agent, in accordance with the Strategic Adviser's Agreement.
- The cost of publishing the price of Shares on Reuters and Bloomberg, the UK Financial Times and/or such other media as the Directors may deem appropriate.
- Remuneration of the Directors out of the assets of the Cell, not exceeding £60,000 in the current financial year in relation to the Student Accommodation Cell and its SPVs.
- Directors' out of pocket expenses.
- Directors' and Officers' insurance.
- Taxes or charges to relevant taxes, insurances or any other charges and costs associated with the Portfolio and the requirements necessary to operate the Student Accommodation Cell as described in this Information Memorandum.
- Insurance costs for certain risks.
- Formation costs of approximately £465,000 (including stamp duty of approximately £323,000) are being amortised for the purposes of calculating the NAV over the Company's first five annual accounting periods.
- Costs associated with the arranging of finance, such as arrangement fees and the costs of the Lending Bank's advisers, are capitalised and amortised over the term of the borrowing.



Taxation

The following section has been reviewed by KPMG based upon current tax legislation in force in the United Kingdom and Guernsey. Please note that KPMG has not endorsed or verified any of the other sections of this Information Memorandum.

General

The statements on taxation below are intended to be a general summary of certain UK and Guernsey tax consequences that may arise on the Student Accommodation Cell and its Shareholders. This is not a comprehensive summary of all technical aspects of the structure and is not intended to constitute legal or tax advice to investors. Prospective investors should familiarise themselves with and, where appropriate, should consult their own professional

Guernsey

Guernsey currently does not levy taxes upon capital inheritances, capital gains (with the exception of a dwelling profit tax), gifts, sales or turnover, nor are there any estate duties, save for an ad valorem fee for the grant of probate or letters of administration.

In response to the review carried out by the European Union Code of Conduct Group, the States of Guernsey has abolished exempt status for the majority of companies and introduced a zero rate of tax for companies carrying on all but a few specified types of regulated business or generating income from Guernsey land and property. However, the States of Guernsey has also agreed that, because collective investment schemes, including open ended



advisers on the overall tax consequences of investing in the Cell. The statements relate to investors entering into the Cell for investment purposes. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Cell is made will endure indefinitely. The tax consequences for each investor of investing in the Cell may depend upon the investor's own tax position and upon the relevant laws of any jurisdiction to which the investor is subject. The statements below relate to the UK tax implications of a UK resident, ordinarily resident and domiciled individual investing in the Cell. The tax consequences may differ for investors who are not resident or ordinarily resident in the UK or are not domiciled in the UK for tax purposes. Investors and prospective investors should seek their own professional advice as to this, as well as to any other relevant laws and regulations in the jurisdiction in which they are resident or domiciled for tax purposes. The statements are based on current tax legislation and HMRC practice, both of which are subject to change at any time, possibly with retrospective effect.

investment vehicles, were not one of the regimes in Guernsey that were classified by the EU Code of Conduct Group as being harmful, collective investment schemes and open ended investment vehicles will continue to be able to apply for exempt status for Guernsey tax purposes.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in 2011/2012, including possibly the introduction of a goods and services tax, depending on the state of Guernsey's public finances at that time.

The Company is subject to the zero rate of tax for companies and will not apply for exempt status. The Company will pay no Guernsey income tax on its income and gains on the basis that no investments will be made in Guernsey property and the Company will not engage in any of the regulated activities which fall outside the scope of the zero rate.

Payments of dividends to shareholders who are not resident in Guernsey will not be subject to withholding tax. However, as the

Company will be subject to the zero rate, it will be resident in Guernsey for tax purposes and, therefore, should any Guernsey resident shareholders hold more than a 1% interest in the Company, dividends paid to such persons will be paid net of income tax at a rate of 20% which the Company will be responsible for remitting to the Guernsey Income Tax Office. Undistributed investment income will also be treated as a deemed distribution to Guernsey resident shareholders who hold more than a 1% interest in the Company and, therefore, will also be subject to income tax at a rate of 20%.

No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of shares.

the UK for taxation purposes. However, the Student Accommodation Cell will be subject to UK tax on its rental income. Accordingly, and provided the Student Accommodation Cell does not carry on a trade in the UK (whether or not through a branch or agency situated therein), the Student Accommodation Cell will not be subject to UK income tax or corporation tax other than on UK source income.

The Student Accommodation Cell is an “offshore fund” for the purposes of the Income and Corporation Taxes Act 1988 (the “Act”). Holders of Shares (other than those holding Shares as dealing stock who are subject to separate rules) who are resident or ordinarily resident in the UK or who carry on business in the UK through a branch or agency with which their investment in the Student

Guernsey has introduced measures that are the same as the EU Savings Tax Directive. The Company will not be regarded as an undertaking for collective investment established in Guernsey that is equivalent to a UCITS authorised in accordance with EC Directive 85/611/EEC of the Council for the purposes of the application in Guernsey of the bi-lateral agreements on the taxation of savings income entered into by Guernsey with EU Member States; consequently, in accordance with current States of Guernsey guidance on the application of the bi-lateral agreements, where the Company’s paying agent (as defined for these purposes) is located in Guernsey, the paying agent would not be required to retain tax from, or exchange information regarding, distributions made by the Company and/or the proceeds of the sale, refund or redemption of shares in the Company.

United Kingdom

The Directors intend to conduct the affairs of the Student Accommodation Cell in such a manner as to minimise, so far as they consider reasonably practicable, taxation suffered by the Student Accommodation Cell. This will include conducting the affairs of the Student Accommodation Cell so that it does not become resident in

Accommodation Cell is connected may, depending on their circumstances and subject as mentioned below, be liable to UK income tax rather than capital gains tax on any realised gains on the disposal of their Shares.

The Directors have applied to HMRC for “Distributor Status” for the Student Accommodation Cell. An “off-shore fund” must apply annually for “Distributor Status” as HMRC will consider each account period of the fund separately. Furthermore, it is possible that HMRC will consider the Student Accommodation Cell as a separate “off-shore fund” for the purpose of establishing whether they are to be certified as having “Distributor Status” (guidance states that each protected cell company should be assessed on its own merits). See below as to the different tax treatments that apply depending upon whether funds have “Distributor Status” or not.

In order to obtain “Distributor Status” an “off-shore fund” must distribute annually to its investors at least 85% (eighty five per cent.) of the income of the fund and not less than 85% (eighty five per cent.) of the fund’s UK equivalent profits. The measure of a

fund's profits for the purposes of deciding whether at least 85% has been distributed will be based wholly on UK corporation tax rules. In addition, an "off-shore fund" shall not be certified as a distributing fund if more than 5% by value consists of interest in non-qualifying funds; that is, funds which cannot themselves obtain Distributor Status.

Where there are no UK equivalent profits of the fund or where the amount of the gross income of the fund does not exceed 1% of the average value of the fund's assets for that period of account then the fund shall be treated as pursuing a full distribution policy notwithstanding that no distribution is in fact made.

If the Student Accommodation Cell qualifies under the above provisions then it should be successful in being certified by HMRC as having "Distributor Status". The benefit to investors of having this status is that they will be within the chargeable gains rules in respect of their disposal, transfer or redemption of Shares in the Cell. The current rate of CGT for individuals and trusts is a flat rate of 18%. The annual capital gains allowance should be available to offset against any capital gains.

Should the fund not have "Distributor Status" Chapter V of Part XVII of the Act contains provisions affecting gains realised on the disposal of a material interest in an offshore fund by a UK Shareholder. Such gains, if derived from a material interest in an offshore fund which has not been certified by HMRC as a "distributing fund" for all account periods during which the Shares were held, will be liable to tax as income, rather than capital gains.

It is currently proposed to replace the above "Distributor Status" regime with a reporting framework. For accounting periods beginning on or after 1 December 2009, it is proposed that an offshore fund will be able to apply to be a "Reporting Fund" and will then be required to provide certain information to investors and to HM Revenue and Customs. When UK investors hold an interest in a Reporting Fund, they will be taxed on the reported income regardless of the amount actually distributed. UK individuals disposing of shares in a Reporting Fund may be liable to capital gains on disposal of shares, while any gains on disposal of shares in a non-reporting fund may be liable to income tax.

The Act also contains provisions applying to controlled foreign companies which subject certain UK resident companies to corporation tax on profits of companies not so resident in which they have an interest. The provisions affect UK resident companies which are deemed to be interested in at least 25% of the profits of a non-resident company which is controlled by residents of the UK and which does not distribute almost all of its income. This legislation may be relevant if the Student Accommodation Cell does not make any distributions. The legislation is not directed towards the taxation of capital gains. New legislation has been introduced in the Finance Act 2009 in respect certain aspects of the taxation of

foreign profits. As part of the reform in this area, certain changes have been made to the existing controlled foreign companies rules, with further proposed changes to be made, which are currently subject to consultation and which may continue into 2010. UK resident corporate Shareholders who may be affected by these measures are recommended to seek separate advice.

The attention of individuals ordinarily resident in the UK is drawn to the provisions of Sections 714 to 751 Income Tax Act 2007. These contain provisions for preventing the avoidance of income tax by individuals by means of transactions resulting in the transfer of income to persons (including companies) resident or domiciled abroad and may render them liable to taxation in respect of undistributed income and profits of the Cell on an annual basis.

This paragraph applies to Shareholders who are UK resident and whose interest (when aggregated with persons connected with them) in the chargeable gains of the Company exceeds one tenth. In the event that the Company would be treated as a close company if it were resident in the UK, then any part of any chargeable gain accruing to the Company may be attributed to such a shareholder and may be liable to UK tax on capital gains in the hands of the shareholder. The part attributed to the shareholder is calculated by reference to the shareholder's proportionate interest in the Company.

As noted above, payments of dividends to Shareholders who are not resident in Guernsey will not be subject to withholding tax. UK resident individual Shareholders will be liable to UK income tax on any dividends received. A UK tax credit will be attached to such dividends received on or after 22 April 2009. UK resident corporate Shareholders will be liable to corporation tax on dividends received, unless any of the conditions for exemption within the new rules regarding the distribution of foreign profits, introduced by Finance Act 2009 and taking effect for distributions paid on or after 1 July 2009, can be met. Shareholders are recommended to take their own advice in this regard.

Stamp Duty and Stamp Duty Reserve Tax ('SDRT')

The following comments are intended as a guide to the general stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply. No UK stamp duty or SDRT will be payable on the issue of the Shares. UK stamp duty (at the rate of 0.5% of the amount of the value of the consideration for the transfer rounded up where necessary to the nearest £5) is payable on any instrument of transfer of Shares executed within, or in certain cases brought into, the UK. Provided that the Shares are not registered in any register of the Company kept in the UK, any agreement to transfer the Shares will not be subject to UK SDRT.

A charge to UK Stamp Duty Land Tax of up to 4% will be incurred by the Student Accommodation Cell (or by any subsidiary undertaking used to purchase the property) on UK property acquisitions.

Risk Factors

This section draws Subscribers' attention to the risks associated with investment into the Student Accommodation Cell in particular. Subscribers' attention is drawn again to the Important Notice on page 2 and also to the following principal Risk Factors which relate to investment in the Student Accommodation Cell.

Investment in the Student Accommodation Cell involves a degree of risk and Subscribers must rely on independent advice in respect of the legal, taxation, financial and other consequences of acquiring and holding Shares in the Cell, including the merits of subscribing and the risks involved. Subscribers should consider this section carefully and are recommended to seek independent professional advice on the suitability of this investment. Although not exhaustive, the following principal risk factors may, in addition to others not set out herein, be relevant:

- **Suitability.** Prospective Investors should consider carefully whether this proposal is suitable for them in the light of their personal circumstances and their financial resources and should take appropriate independent professional advice.
- **Long-term investment.** Investors should normally expect to hold this investment for its long-term growth potential. As a consequence the Student Accommodation Cell may not be suitable for short-term investment.
- **Legislation.** The information in this document is based on the Directors' understanding of current law and practice. Changes may adversely affect rent values, income levels, growth prospects and tax liabilities. Neither the Company, the Directors, the Promoter, the Sponsor, the Administrator nor any of their advisers can accept responsibility if there is any change in the law, in HMRC practice or in the tax treatment of the Student Accommodation Cell or of any investors in the Student Accommodation Cell.
- **Bank gearing.** The Student Accommodation Cell is intended to be geared at a level of up to 70% LTV. The gearing amplifies the effect of rises, but also falls, in the value of the underlying property Portfolio. Although this effect is beneficial whilst Student Accommodation property prices are rising, it is detrimental when property prices are falling such that an Investor's entire Subscription may be lost. If the value of the property Portfolio fell rapidly by 30%, the NAV per Share of the Student Accommodation Cell could be eliminated. Also in the event that a Lending Bank enforces its security over the properties in the Portfolio, the Student Accommodation Cell could lose all its assets. In addition the current bank facilities impose certain restrictions on the application of funds within the SPVs and require that any amount owed from the SPVs to the Student Accommodation Cell may only be repaid subject to compliance with the bank's covenant tests.
- **Rise in interest rates.** Any rise in interest rates from existing levels after an initial three year period may limit the growth in property prices or cause them to fall, which would affect the value of the property Portfolio. Since Investors' Subscriptions are geared through bank loans, this could reduce or even eliminate the NAV per Share of the Student Accommodation Cell and an Investor's entire Subscription may be lost.
- **Availability of bank finance.** The current bank facilities have been fully drawn down or committed, although some of the assets in the Existing Portfolio are not encumbered. The Directors intend to seek additional facilities as and when needed to finance future additions to the Portfolio and, if rental income is insufficient to cover all the operating costs of the Student Accommodation Cell, to finance the working capital needs of the Student Accommodation Cell. It is not certain that such facilities will be able to be secured at levels or on terms acceptable to the Directors. Any amounts that are secured under a bank facility are likely to rank ahead of Shareholders' entitlements and, accordingly, should the Student Accommodation Cell's assets not grow at a sufficient rate to cover the costs of establishing and operating the Student Accommodation Cell's debt, Shareholders may not recover their initial investment. Whilst the Company, on behalf of the Student Accommodation Cell, may enter into appropriate interest rate hedging arrangements, a rise in interest rates is likely to adversely affect the Student Accommodation Cell's profitability. In addition, although the Directors do not intend that debt should ever exceed 70% of the MV of the Portfolio, this cannot be guaranteed and the Student Accommodation Cell may be more exposed than anticipated to servicing such debt.

The banks lending to the Company, on behalf of the Student Accommodation Cell, may choose not to renew existing facilities when they mature and/or may choose to withdraw from lending to the Company due to changes in their own banking policy or an inability to agree lending terms. Were this to happen, it may not be possible to replace the bank loans on such favourable terms, or at all, in which case the development and profitability of the Cell might be adversely affected.

In the event that the Company, on behalf of the Student Accommodation Cell, enters into a bank facility agreement(s) or arrangement(s), such agreement(s) or arrangement(s) may contain financial covenants. In particular, the agreement may require that the value of a specific property exceeds a fixed percentage of the value of any loan drawn down. If the value of the specific property falls such that any financial covenant is breached, or if any other covenant is breached, the Company may be required, on behalf of the Student Accommodation Cell, to sell, in a limited time, part or all of its assets, potentially in circumstances where there has been a downturn in land or property values generally, such that the realisation proceeds do not reflect the valuation of the land or property. Amounts arising under any bank facilities will rank ahead of Shareholders' entitlement and Shareholders' returns may, therefore, be adversely affected by an early repayment.

- **Variable rate bank loans after initial facility period.** The current bank facilities have each been negotiated for a period of between three and five years. This means that as this initial term nears its end, if the Student Accommodation Cell requires additional bank borrowings, the bank borrowings will have to be renegotiated. This may result in the terms of any new bank borrowings being more expensive, or it may, in extreme circumstances, not be possible to arrange any further bank borrowings which may result in a large portion of the Portfolio being liquidated. In these situations, the NAV of the Student Accommodation Cell could be adversely affected and the Investors' entire Subscription may be lost.
- **Property values.** The Student Accommodation Cell's business plan depends to a significant extent on property values in the United Kingdom. An overall downturn in the UK property market could have a materially adverse effect upon the value of the property owned by the Student Accommodation Cell and ultimately upon the value of its Shares.
- **Concentration of risk.** The Student Accommodation Cell holds four investments. There may be occasions when, pending investment or reinvestment, the Student Accommodation Cell will have significant cash deposits.
- **Economic conditions.** The financial operations of the Student Accommodation Cell may be adversely affected by general economic conditions, by conditions within the UK property market or by the particular financial condition of the property vendors and other parties doing business with the Student Accommodation Cell.
- **Occupancy risk.** The value of the Shares will be dependent on the occupancy levels of the property owned by the Student Accommodation Cell. The property acquired is intended to be let to students directly, rather than let as blocks to particular universities or colleges. Other operators of student accommodation in towns and cities where the Student Accommodation Cell's property is located may offer more attractive property or property at cheaper rates. Consequently, following the five year underwriting period in respect of the Existing Portfolio, there is no guarantee that the occupancy levels will be sufficient to cover the costs of managing these assets and the administration costs of the Student Accommodation Cell. Investors should be prepared to take a medium to long-term view of their investment.
- **Rental Underwriting Agreements.** Although the rental income from the Existing Portfolio is underwritten by Mansion Group for the first five years, this is not insured or underwritten by a financial institution. The strength of the Rental Underwriting Agreements depends on the financial circumstances of Mansion Group at any time that the Directors call upon the Rental Underwriting Agreements and there can be no certainty that Mansion Group will be able to honour the Rental Underwriting Agreements throughout their term.
- **Competitive industry.** The Company will be operating in a competitive industry where the commercial risks are high. The Company may not be able to acquire as much suitable property

as it would like, which would adversely affect the profitability and growth of the Student Accommodation Cell. Accordingly, the investment described in this document is speculative and investors may not recover all or any of the amount of their original investment.

- **Dividend payments.** The net rental income, after deduction of the Lending Bank interest payments, may not be sufficient to cover the running costs of the Student Accommodation Cell, in which case the Student Accommodation Cell will incur a trading loss and the Directors would be unable to make a distribution to Shareholders in respect of the year in which the loss was incurred and until sufficient profits have been made to eliminate any deficit on the Student Accommodation Cell's distributable reserves.
- **Lower than anticipated gross rental yield.** In respect of those properties that are successfully let, the gross rental yield may be lower than currently anticipated due to the depressed rental market conditions which may change over the lifetime of the Student Accommodation Cell. This situation could result in the net rental income being insufficient to cover the Lending Bank interest payments. In this situation, the Directors would plan to dispose of sufficient properties to balance the net rental income of the Portfolio and the operating expenses, including the Lending Bank interest. In this situation, it may be difficult to sell any properties and the disposal prices of the properties may be significantly below purchase cost and the NAV per Share may be materially damaged.
- **Lending.** A Lending Bank may choose to withdraw from lending to the Student Accommodation Cell if any of the loan covenants are breached. Were this to happen, it may not be possible to refinance the loans in which case a large part of the underlying Portfolio would need to be sold and Investors may lose their entire Subscription.
- **Availability of equity.** The Student Accommodation Cell may require additional capital in the future for expansion and/or business development which may significantly dilute the interests of existing Shareholders. If the Student Accommodation Cell fails to generate sufficient cash through the returns from investments, then the Student Accommodation Cell may need to raise additional capital from equity or debt sources to fund any such expansion or development. If the Student Accommodation Cell is unable to obtain financing on terms acceptable to it then it may be forced to curtail its planned developments. If additional funds are raised through the issue of new equity or equity-linked securities of the Student Accommodation Cell other than on a pro rata basis to existing Shareholders, the percentage ownership of each Shareholder may be reduced, Shareholders may experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Shares. There can be no guarantee that any further capital raisings will be successful.
- **Dividends.** There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Student Accommodation Cell, all of which will be declared and paid as interim dividends, are subject to the

discretion of the Directors, and will depend upon, among other things, the Student Accommodation Cell's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

- **Reliance on key individuals and relationships.** The success of the Student Accommodation Cell depends largely upon the expertise of the Directors, all of whom will be engaged in a non-executive capacity, who will seek the advice of the Strategic Adviser and the Property Adviser before acquiring any property. The Student Accommodation Cell's success depends on the ability of the Directors to manage these relationships and the ability and willingness of the Strategic Adviser and the Property Adviser to continue to provide the services under the terms of their contracts with the Company. If the Strategic Adviser and/or the Property Adviser are unable or unwilling to continue to provide services, the Company's business would be disrupted and it might not be able to find replacements on a timely basis or with the same level of skill and experience. Finding and hiring such replacements could be costly and might require the Company to amend the terms of its existing contract with the Strategic Adviser and/or the Property Adviser, which could adversely impact on the Student Accommodation Cell's financial results.
- **Value.** The value of the Shares may go down as well as up and an Investor's entire investment may be lost.
- **No forecasts.** Historical facts, information and trends gained from historic experiences, present facts, circumstances and information, and assumptions from all or any of these, do not guide the future. Aims, targets, plans, intentions and projections referred to are no more than that and so do not imply a forecast. Past performance is not necessarily a guide to future performance.
- **Economic recession.** A global economic recession could materially detrimentally affect prices.
- **No Investors' Compensation Scheme.** The Investors' Compensation Scheme as established by the Financial Services Authority in the UK is not available for claims relating to investment in the Student Accommodation Cell. Investors in the Company are not eligible for payment of any compensation under the Collective Investment Scheme (Compensation of Investors) Rules 1988 made under the Investors Law.
- **Limited operating history.** The Student Accommodation Cell was created on 27 August 2008. Consequently, it has a limited operating history and there can be no assurance that it will achieve its investment objectives.
- **No assurance.** There can be no assurance that the Student Accommodation Cell's management or exit strategies will be available or practical.
- **Changes in taxation and laws.** This document is prepared in accordance with current taxation rules and laws in the UK and Guernsey. UK and Guernsey taxation practices and their

interpretation of the law may differ from that set out in the Taxation section. In addition, legislation and practice may also change over time. A change in the interpretation of the taxation position or a change in the taxation treatment of the Student Accommodation Cell or any of its assets may alter the net return to Investors. The UK Government has been known to introduce retrospective tax legislation and this cannot be ruled out in the future.

- **Taxation relating to certain classes of Investor.** The comments in this Information Memorandum relating to taxation are intended to be a brief description of some of the tax consequences of acquiring Shares in the Student Accommodation Cell. The comments are based on current understanding of applicable law and country taxation practices as at the date of this Information Memorandum. They do not apply to certain classes of UK Investors such as financial traders who hold property as trading stock or to non-UK resident Investors. Prospective Investors who are in any doubt as to their position should consult their authorised financial adviser. Investors should seek their own advice on the taxation consequences of investment in the Student Accommodation Cell as the Promoter, Administrator and the Company's legal and taxation advisers, or any other adviser, take no responsibility in this regard.
- **Liquidity.** This will be provided through redemption of Shares. In certain adverse market conditions or when the demand for redemptions exceeds the level of Subscriptions and the available cash resources, it may be necessary to sell some of the Student Accommodation Cell's assets in order to meet the demand for redemptions. In such circumstances, it may be difficult to sell the Student Accommodation Cell's assets and the property sales process may take many weeks, even months, to complete. Redemptions of Shares may therefore be restricted or suspended and/or payment of redemption proceeds may be delayed.
- **Risk associated with other Cells.** The Company has been constituted as a protected cell company under the Guernsey Companies Law. A protected cell company is a multi-cellular company whose principal feature is that each Cell has its own distinct assets which are not available to creditors of other Cells of that company or the company as a whole. The Company currently has three active Cells; the UK Agricultural Land Cell, the Student Accommodation Cell and the Ground Rents Cell, and it is possible that additional Cells may be created in future. However, jurisdictions other than Guernsey may not be prepared to accept that creditors of a particular Cell are prevented from gaining access to the assets of other Cells, or that creditors of a multi-cellular company as a whole do not have access to those assets specifically designated as cellular assets. In order to minimise this risk: (i) service providers to the Company will generally be required to agree that their fees will be paid solely from the assets of the particular Cell to which the services relate; and (ii) in accordance with the Articles each Shareholder agrees that any liability to it will be satisfied only out of the particular Cell to which the liability relates. However, a court could determine that

such agreements are not enforceable. Further, because the Guernsey Companies Law is relatively newly enacted law, it has not yet been tested in the courts and there can be no assurance that foreign jurisdictions will apply the same principles. The Company as a whole is required to produce consolidated audited accounts, and therefore any delays in the audit of one Cell may delay the audited accounts of the whole Company.

Conflicts of Interest

Marc Duschenes, the Chairman of the Company, is also a director and shareholder of Braemar Group plc, and is therefore considered to have an interest in any agreement between the Company and Braemar Securities Limited and between the Company and Braemar Estates (Residential) Limited.

Paul Duquemin, one of the directors of the Company, is the Managing Director of Bachmann Fund Administration Limited and is therefore considered to have an interest in any agreement between the Company and Bachmann Fund Administration Limited.

General Information

Incorporation

The Company was incorporated in Guernsey under the provisions of The Companies (Guernsey) Law, 1994 as amended as a limited company (Registered number 48236) on 19 December 2007 and is established as a protected cell company for the purpose of the Guernsey Companies Law. The registered office of the Company is situated at Frances House, Sir William Place, St. Peter Port, Guernsey GY1 4HQ.

Accounting Date

The accounting date of the Company is 31 March in each year, or such other date as the Directors of the Company and the Promoter shall determine from time to time having given due notice to all Shareholders. The accounts will be prepared in accordance with International Financial Reporting Standards. The annual accounts will include a reconciliation of the NAV as disclosed in the accounts to the NAV published for the Dealing Day closest to the year-end. Annual reports will be published and sent to Shareholders within a period of six months following the relevant accounting date. The Directors do not intend that the Company should prepare interim accounts.

Authorised Share Capital

On incorporation the authorised capital of the Company was £50,000 divided into 100 Non-redeemable Shares of £0.0001 each and 499,999,900 Unclassified Shares of £0.0001 each. Unclassified Shares may be issued as Redeemable Ordinary Shares of any Cells or as Nominal Shares. All issued Shares are in registered form. As at 31 August 2009, the following Shares were in issue and fully paid: 100 Non-redeemable Shares of £0.0001 each and 5,111,469 Redeemable Ordinary Shares in the UK Agricultural Land Cell, a protected cell of the Company which invests in arable farmland in the UK, 10,245,502 Redeemable Ordinary Shares in the Student Accommodation Cell and 1,003,598 Redeemable Ordinary Shares in the Ground Rents Cell, a protected cell of the Company which invests in freehold and long-leasehold ground rents.

Non-redeemable Shares

The 100 Non-redeemable Shares in issue were issued at par and are beneficially owned by Braemar Securities and Heath Road Investments Limited (a wholly owned subsidiary of Braemar Group plc). On a show of hands at a General Meeting, every holder of Non-redeemable Shares and Redeemable Ordinary Shares who is present is entitled to vote. The Non-redeemable Shares have been created so that Redeemable Ordinary Shares may be issued.

The Non-redeemable Shares are not redeemable, carry one vote each on a poll and do not carry any right to dividends. Assets not attributable to the Cell, or any other particular Cell, will constitute the non-cellular assets of the Company for the purposes of the Guernsey Companies Law. In a winding-up the surplus of any such assets shall be distributed among the holders of Non-redeemable Shares pro rata to their respective holdings.

Redeemable Ordinary Shares

The Redeemable Ordinary Shares in any Cell carry the right to dividends out of the profits available for distribution within that Cell, if any, as determined by the Directors. Each holder is entitled, on a poll, to one vote for each Redeemable Ordinary Share held. Assets attributable to any Cell will constitute the Cellular Assets of such Cell for the purposes of the Guernsey Companies Law. In a winding-up the Cellular Assets available for distribution shall be applied in repayment of the nominal amount paid up firstly on Redeemable Ordinary Shares and secondly on Nominal Shares issued in respect of the Cell in question. Any surplus of Cellular Assets then remaining shall be distributed among the holders of Redeemable Ordinary Shares of the Cell in question pro rata to their respective holdings in such Cell. A fraction of a Redeemable Ordinary Share in a Cell will rank *pari passu* and proportionately with a whole Redeemable Ordinary Share. Redeemable Ordinary Shares are being offered as set out in this Information Memorandum in respect of one Cell only.

Nominal Shares

The Nominal Shares can only be issued at par to the Administrator. The holder(s) of Nominal Shares are together entitled to one vote only irrespective of the number of Nominal Shares held. The Nominal Shares carry no right to dividends. In a winding-up, they have the right to repayment only of paid-up capital after repayment of the paid-up capital on the Redeemable Ordinary Shares.

The Administrator intends to subscribe for Nominal Shares for cash at par when Redeemable Ordinary Shares are redeemed to ensure that funds are available to redeem the nominal amount paid-up on each Redeemable Ordinary Share, unless the Directors of the Company decide that the nominal amount of such Redeemable Ordinary Shares is to be redeemed out of profits. Nominal Shares issued for the purpose of redemption of Redeemable Ordinary Shares of a particular Cell shall constitute shares in such Cell and the proceeds of issue shall constitute Cellular Assets of such Cell. Nominal Shares in respect of a particular Cell may be converted into Redeemable Ordinary Shares of that Cell by the Administrator for sale to investors. Such conversion may take place on any Dealing Day. There will be no right to such conversion if the determination of the NAV for the relevant Cell has been suspended in respect of that Dealing Day.

Winding Up Procedure

The Company may be wound up upon the happening of any of the following events:

- (i)** the Directors determine in their absolute discretion that the Company is no longer sufficiently economically viable;
- (ii)** the revocation of the order declaring the Company to be an authorised scheme under the Law, or
- (iii)** when a Special Resolution passed by the Shareholders determines that the Company shall be wound up.

The Company will be wound up in accordance with the Articles and any applicable Guernsey laws and regulations.

As soon as practicable after the Company falls to be wound up, the Custodian will realise the non-cellular assets of the Company and, after payment of all liabilities and costs, distribute the proceeds of the realisation to the holders of the Non-Redeemable Shares in proportion to their respective interests.

Voting Rights

At any meeting of Members of the Company, resolutions may be passed by a show of hands at the meeting unless a poll is required. A poll of Members can be demanded by the chairman of the meeting or by one or more Shareholders with not less than one-tenth in value of the Shares for the time being in issue.

Only Members or their proxies may vote at General Meetings of the Company.

Members representing not less than one-tenth in value of the Shares in issue may, in writing, request a meeting to be convened.

The quorum for a meeting of Members shall be two persons entitled to vote upon the business to be transacted, each being a Member or a duly authorised proxy or corporate representative.

For the avoidance of doubt, and subject to the provisions of the Guernsey Companies Law, a meeting duly convened and held in accordance with the provisions set out in the Articles shall be competent by extraordinary resolution to:

- (i)** sanction any modification, alteration or addition to the provisions of the Articles which shall be agreed by the Custodian;
- (ii)** approve any departure by the Property Adviser from any investment policy, a statement of which has been included in the Information Memorandum;
- (iii)** remove the Auditor;
- (iv)** remove the Custodian;
- (v)** approve an arrangement for the reconstruction or amalgamation of the Company with another body or scheme whether or not that other scheme is a collective investment scheme.

Holders of Redeemable Ordinary Shares attributable to any Cell shall also be entitled to attend and vote at separate meetings of holders of such shares. The quorum for such separate meetings shall be two holders of the shares of that Cell.

Miscellaneous

- (i) No Share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.
- (ii) There are no provisions of Guernsey law which confer pre-emption rights on existing Shareholders on the allotment of equity securities for cash.
- (iii) Shares are in registered form. Temporary documents of title will not be issued.
- (iv) The offer of Shares is not underwritten.
- (v) Save as stated below, none of the Directors of the Company nor any member of their respective immediate families has any interest in the share or loan capital of the Company the existence of which is known to, or could with reasonable diligence, be ascertained by, the relevant Director of the Company.
- (vi) None of the Directors of the Company has a service contract with the Company and no such contract is proposed.
- (vii) No loan or guarantee has been granted or provided by the Company to or for the benefit of any Director of the Company.
- (viii) Save as disclosed on page 13, none of the Directors of the Company nor any member of their respective immediate families has or has had any interest in any transaction or transactions which are or were unusual in their nature or conditions or significant to the business of the Company and which were effected by the Company since its incorporation.
- (ix) The Company has not established a place of business in the United Kingdom or Ireland.

Articles of Incorporation

The following is a summary of certain of the provisions of the Articles:

(a) Variation of rights and alteration of capital

- (i) If at any time the share capital is divided into different Cells of shares, the rights attached to any Cell (unless otherwise provided by the terms of issue) may, whether or not the Company is being wound up or any Cell is in administration, only be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that Cell or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that Cell.
- (ii) The special rights and privileges attached to the shares of any Cell shall be deemed to be varied by: any amendment to the Articles, any reduction of the issued non-cellular share capital; any merger reconstruction or amalgamation affecting the Company or its share capital; or any discontinuance of or change in the nature of the business of the Company or, in respect of shares of any Cell, by the creation or issue of any other shares ranking with or in priority to them as respects participation in the profits of assets of that Cell.
- (iii) The Company at any time may by ordinary resolution increase its share capital by such sum to be divided into Shares of such amount as the resolution shall prescribe.
- (iv) The Company may by ordinary resolution:
 - a. consolidate all or any of its share capital into shares of larger amount than its existing Shares;
 - b. subdivide all or any of its Shares into shares of a smaller amount than is fixed by the Company's Memorandum of Association;
 - c. cancel any Shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.
- (v) The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner subject to any confirmation or consent required by the Companies Law.
- (vi) Subject to the provisions of the Companies Law:
 - a. the Company may purchase any of its own shares and may pay in respect of such purchase otherwise than out of its distributable profits; and
 - b. the Company and any of its subsidiary companies may give financial assistance directly or indirectly for the purpose of or in connection with the acquisition of shares in the Company.

(b) Issue of Shares

The unissued Shares (whether forming part of the original or any increased share capital) shall be at the disposal of such persons on such terms and conditions and at such times as the Directors of the Company determine provided that no Shares shall be offered to any person unable to satisfy the Directors of the Company that such person is not a US Person, as defined in the Articles. An application for Shares may be rejected in whole or part at the absolute discretion of the Directors of the Company. Fractions of Shares may be issued. Shareholders will be asked to renew such authority for a further five years at the Annual General Meeting to be held in 2009.

(c) Transfer of Shares

(i) Subject to such of the restrictions noted in this Information Memorandum and any Supplements, any member may transfer in writing all or any of his Shares in any form that the Directors of the Company may accept.

(ii) Shares may not be offered, sold, transferred, acquired or delivered, directly or indirectly, in the United States of America or any of its territories, possessions or areas subject to its jurisdiction or to, or for the account of, a US Person at any time without the prior consent of the Directors of the Company, which consent may be given for a particular transfer or for transfers generally and may be unconditional or subject to conditions as outlined below.

(iii) If it shall come to the notice of the Board that any person (i) who is a US Person (unless such person is a US Person who acquired Shares pursuant to a transaction in respect of which the Directors of the Company and the Administrator are satisfied is exempt from registration under the United States Securities Act of 1933 and state securities laws and that such transaction would not require the Company to register under the US Investment Company Act of 1940) or (ii) who is in breach of any of the laws or regulations of any jurisdiction by virtue of his holding of Shares or (iii) whose ownership of Shares may in the opinion of the Directors of the Company subject the Company or its Shareholders to adverse tax or regulatory consequences or other fiscal or pecuniary disadvantage, the Directors of the Company may serve a Redemption Notice upon the person (or any one of such persons where Shares are registered in joint names) appearing in the register of Shareholders as the holder of the Shares concerned requiring the holder within 14 days (or such extended time as in all the circumstances the Directors of the Company shall consider reasonable) to redeem or transfer the Relevant Shares to another person who would not cause any of the conditions described in this paragraph (iii) to exist.

(iv) If within 14 days after the giving of a Redemption Notice (or such extended time as the Directors of the Company consider reasonable) the Redemption Notice has not been complied with, the Directors of the Company may arrange for the Company to redeem the Relevant Shares. For this purpose the Directors of the Company may authorise in writing any officer or employee of the Company to execute on behalf of the Shareholder a Redemption Notice in respect of the Relevant Shares.

(v) An application to transfer Shares may be rejected in whole or in part at the absolute discretion of the Directors of the Company.

(d) Directors

(i) Unless otherwise determined by the Company in general meeting, the number of Directors shall be not less than three.

(ii) No meetings of Directors shall be held in the UK and any such meetings shall be invalid. If any combination of Directors, Alternate Directors present and Directors represented by Alternate Directors are such that a voting majority thereof are resident in the UK, the Directors and Alternate Directors present irrespective of their number shall not constitute a quorum for any purpose save for appointing other Directors or calling a general meeting of the Company.

(iii) No share qualification for Directors is required, although any one or more of the Directors may hold Shares from time to time.

(iv) The Directors may appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election. Each Director shall hold office until he or she resigns or is disqualified pursuant to the provisions of the Articles of Association (including removal from office by an ordinary resolution).

(v) The remuneration of each Director shall be determined from time to time by the Board of Directors of the Company provided always that the aggregate remuneration in relation to the Student Accommodation Cell and its SPVs of all Directors in any twelve month period shall not exceed £60,000 or such higher amount as may be approved by ordinary resolution of Shareholders.

(vi) The Directors of the Company shall be entitled to be repaid all reasonable out of pocket expenses properly incurred by them in or with a view to the performance of their duties or in attending meetings of the Board of Directors of the Company or of committees of the Board of Directors of the Company or general meetings.

- (vii) If any Director of the Company, having been requested by the Board of Directors of the Company, shall render or perform extra or special services or shall travel or go to or reside in any country which is not his usual place of residence for any business or purpose of the Company, he shall be entitled to receive such sum as the board of Directors of the Company may think fit for expenses and also (subject to paragraph (v) above) such remuneration as the board of Directors of the Company may think fit either as a fixed sum or as a percentage of profits or otherwise and such remuneration may as the Board of Directors of the Company shall determine be either in addition to, or in substitution for, any other remuneration which he may be entitled to receive.
- (viii) A Director of the Company may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director of the Company on such terms as to tenure of office or otherwise as the Directors of the Company may determine.
- (ix) No Director of the Company or intending Director of the Company shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director of the Company is in any way interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director of the Company holding that office or of the fiduciary relationship thereby established but the nature of his interest must be declared by him at the meeting of the Directors of the Company at which the question of entering into the contract or agreement is first taken into consideration or if the Director of the Company was not at the date of that meeting interested in the proposed contract or arrangement then at the next meeting of the Directors of the Company held after he becomes so interested. A general notice in writing given to the Directors of the Company by any Director of the Company to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or arrangement which may thereafter be made with that company or firm shall (if the Director of the Company shall give the same at a meeting of the Directors of the Company or shall take reasonable steps to procure that the same is brought up and read at the next meeting of the Directors of the Company after it is given) be deemed a sufficient declaration of interest in relation to any contract or arrangement so made.
- (x) Provided that he/she shall have given notice of his/her interest as required by sub-paragraph (ix) above, and subject to paragraph (xi) below, a Director of the Company may vote in respect of any contract or arrangement or any other proposal whatsoever in which he/she has any material interest otherwise than by virtue of his/her interest in shares or debentures or other securities of or otherwise through the Company and be counted in the quorum at the meeting at which such matter is voted.
- (xi) A Director of the Company shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or Shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in 3% (three per cent.) or more of the issued shares of any class of such company or of the voting rights available to Shareholders of the relevant company (any such interest being deemed for the purpose of this sub-paragraph (xi) to be a material interest in all circumstances).
- (xii) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors of the Company to offices or employment with the Company or any company in which the Company is interested the Director of the Company may be counted in the quorum for the consideration of such proposals and such proposals may be divided and considered in relation to each Director of the Company separately and in such case each of the Directors of the Company concerned (if not debarred from voting under sub-paragraph (xi) above) shall be entitled to vote in respect of each resolution except that concerning his own appointment.
- (xiii) The Directors of the Company are not required to retire at any specified age or by rotation. A Director may be removed from office by ordinary resolution of the Company in general meeting and may be required to vacate his office in certain circumstance including absence without leave for four successive meetings or if he be so requested by all of the other Directors of the Company.
- (xiv) The Articles contain provisions, subject to the Guernsey Companies Law indemnifying the Directors and other officers and servants of the Company against any actions, expenses and liabilities incurred by reason of any contract entered into or act or omission in or about the execution of their duty or supposed duty unless due to their own fraud, neglect or wilful default, and provide that the amount for which such indemnity is provided shall immediately attach as a lien to the relevant property of the Company and have priority as between the Shareholders over all other claims. The Articles also contain provisions, subject to the Guernsey Companies Law, exempting the foregoing from liability in certain circumstances unless due to their own fraud, neglect or wilful default.

(e) Borrowing Powers

The Board of Directors of the Company may exercise all the powers of the Company to borrow money, to give guarantees and to mortgage, pledge or charge all or part of its property or assets and to issue debentures and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party. The Articles contain a restriction on the amount (but not type) of borrowings by the Company to the effect that, save with the sanction of an ordinary resolution of Shareholders, the Company and its subsidiaries shall not borrow, or give guarantees of security in respect of borrowings or other obligations, in excess of any stated limit in the Information Memorandum.

(f) Suspension of Dealings

The Directors of the Company may declare suspension of valuations and dealings in the Company, or in any particular Cell, in certain circumstances including in the event that inter alia:

- (i) any reason or circumstance exist as a result of which, in the opinion of the Directors of the Company, it is not reasonably practicable on the Dealing Day in question fairly to determine the NAV for Shares of the Cell or Cells in question or it is likely that at some time on or before the relevant settlement day it will not be reasonably practicable for the Company to realise or dispose of investments held for such Cell or Cells; or
- (ii) a breakdown occurs in any of the means of communication normally employed between any of; the Company, Custodian, Administrator, Strategic Adviser and/or Property Adviser;
- (iii) a breakdown occurs in any system or infrastructure of the Company, Custodian, Administrator, Strategic Adviser or Property Adviser to the extent that the NAV for Shares of the Company cannot be calculated accurately; or
- (iv) a breakdown occurs in any of the means normally employed by the Directors of the Company in assessing the value of investments.

(g) Compulsory Redemption

If at any time the NAV on two consecutive Redemption Days shall be less than £5,000,000 (or its equivalent in another currency, or such other sum in relation to any particular class or Cell as the Directors shall from time to time determine), the Company may by four weeks' notice (expiring on a Dealing Day) to all Shareholders of that class or Cell, given within eight weeks of the expiry of the twelve week period, redeem all (but not some) of the Redeemable Ordinary Shares of that class or Cell at the Redemption Price per share for that class or Cell on such Dealing Day.

(h) General

The Company is not engaged in any legal or arbitration proceedings (including such proceedings which are threatened of which the Company is aware) which may have or have had at any time in the past a significant effect upon the Company's financial position.

The Company, the Promoter, the Strategic Adviser, the Property Adviser, the Administrator and the Custodian may, if lawfully required to do so, disclose information in their possession regarding the Company or its affairs or any Shareholder.

The Administration Agreement and Custodian Agreement also contain provisions which, in certain circumstances and subject to certain qualifications, entitle the Custodian and the Administrator to hold Shares, to deal in investments on their own account (including transactions with the Company) and to receive commissions without accounting for any profits to Investors. The Promoter may not deal in Shares without accounting to the Company or the Investors for any profits.

Material Agreements

Acquisition Agreements

The Cell has purchased, via the SPVs, the Existing Portfolio, as follows:

- (i) 41 cluster flats in Manchester on 27 November 2008, in exchange for the issue of 3,075,050 Shares and £5,020,000 in cash;
- (ii) 10 cluster flats in Manchester on 26 February 2009, in exchange for the issue of 630,041 Shares and £1,228,000 in cash;
- (iii) 32 cluster flats in Bristol on 22 May 2009, together with the freehold of the building, for £6,539,890 in cash (plus deferred consideration of £162,390) and 8 further cluster flats in the same building on 29 July 2009 for £778,000 in cash and deferred consideration of £50,000. The Cell now owns the entire leasehold interest in this building; and
- (iv) 34 cluster flats in Newcastle, comprising the entire long leasehold interest in the building, on 15 September 2009 for £6,677,000 in cash and deferred consideration of £1,000,000, of which £250,000 may be paid in Shares at the discretion of the Directors.

Under the terms of each acquisition agreement, Mansion Group, as vendor, has agreed to complete the refurbishment of all of the cluster flats acquired at no additional cost to the Student Accommodation Cell.

Rental Underwriting Agreements

Mansion Group has underwritten that the Student Accommodation Cell will receive rent at the full rate payable as if the entire Existing Portfolio was fully occupied for a period of five years after acquisition. In addition, Mansion Group has underwritten a minimum rental uplift for the properties in the Existing Portfolio of 4% per annum, compound, for the same period. The gross annual rent underwritten at 15 September 2009 amounts to £2.25 million

Administration Agreement

The Administrator has been appointed, pursuant to the Administration and Secretarial Agreement dated 19 February 2008 (as supplemented by a further agreement dated 24 November 2008) between the Company, the Administrator and the Custodian, to act as administrator and secretary of the Company and of the Cell. The Company indemnifies the Administrator out of the assets of the Cell in certain circumstances otherwise than as a result of some act of negligence, fraud or wilful default on the part of the Administrator. The agreement is terminable upon six months' written notice and at any time in the event of the insolvency of the Company or the Administrator or immediately in the event that the Administrator becomes resident in the UK for tax purposes. In particular, the Administrator will procure that the following activities are carried out:

- Receiving all Subscriptions and processing all Application Forms.
- Paying all Redemptions and processing all Redemption Notices.
- Maintenance of Shareholder register.
- Opening and operating, in the name of the Company on behalf of the Cell, interest-bearing bank accounts in order to receive and distribute the Cell's funds.
- Administering the Cell's cash holdings.
- Preparing and publishing a monthly NAV per Share, based on the valuation of the Cell's assets.
- Preparation of annual accounts for auditing by the Auditor. A copy of the audited accounts, together with a copy of the Auditor's report and a statement of accounting policies, will be sent to the Shareholders by the Administrator, where possible within a maximum of six months after each Accounting Date. The Directors do not intend that the Company should prepare interim accounts.
- Carrying out the day-to-day administrative requirements of the Company on behalf of the Cell, including preparing and posting all notices for quarterly and ad hoc management and board meetings of the Company. The Administrator will convene annual meetings of holders of Shares in the Cell and may convene other meetings of holders of Shares in the Cell on 21 days' written notice.
- Procuring that all the statutory filings of the Company are made, including filing annual returns, any other periodic regulatory filings, signing and filing annual accounts and notifying the

Companies Registrar of any change in details in relation to Directors and Shareholders.

- Preparation of stock exchange announcements and continuing obligations.
- Carrying out due diligence/money laundering verification of Subscribers.
- Compliance monitoring and reporting.
- Assisting in the preparation of quarterly Investor reports to Shareholders.
- Responding to Investor queries.
- Paying fees and commissions to the Promoter, the Property Adviser, the Strategic Adviser and Valuation Agent, the Auditor, and any legal and other costs and expenses as directed by the Directors.

Custodian Agreement

The Custodian has been appointed pursuant to a Custodian Agreement dated 19 February 2008 (as supplemented by a further agreement dated 27 November 2008) between the Company and the Custodian, as custodian of the assets of the Cell. The agreement exempts the Custodian from liability not due to its fraud, negligence or wilful default and provides the Custodian with an indemnity from the assets of the Cell in respect of losses or damages it may incur in the performance of its duties save in the event of the Custodian's negligence, fraud or willful default. The agreement may be terminated by, inter alia, not less than six months' written notice and immediately in certain circumstances.

Registrar and Paying Agent Agreement

Under the Class B Rules, the Custodian is required to maintain the Register of Shareholders. However the Custodian may delegate this responsibility to the Administrator. The Custodian, the Company and the Administrator have therefore entered into a Registrar and Paying Agent Agreement dated 19 February 2008. Provisions in respect of liability and indemnity are similar to those in the Custodian Agreement. The agreement is terminable on six months' written notice and immediately in the event of the termination of either the Administration Agreement or the Custodian Agreement.

Promotion and Distribution Agreement

The Promoter was appointed pursuant to a promotion and distribution agreement dated 24 November 2008 between the Company, on behalf of the Cell, and the Promoter. The Promoter will co-ordinate the distribution of the Shares through one or more networks of IFAs. The Promoter's responsibilities will include the payment of all commissions to introducers. Provisions in respect of liability, indemnity, term and termination are similar to those in respect of the Administration Agreement.

In addition, the Promoter will be responsible for the following:

- Producing the quarterly Investor report for distribution to Shareholders.
- Attending meetings of the Investment Committee and the Board of the Company.
- Maintaining complete, up to date and accurate accounting records of any special purpose vehicle of the Cell and submit to the Company on a monthly basis to enable the Administrator to calculate the NAV of the Cell.
- Administration, bookkeeping and accounting for the special purpose vehicle(s), including provision of the annual audited accounts.
- IFA desk activities, commission processing and payment.

Strategic Adviser and Valuation Agreement

The Strategic Adviser has been appointed by the Company pursuant to the Strategic Adviser and Valuation Agreement. The Strategic Adviser will be responsible for the following:

- Providing advice on identification of target markets for growth, areas where they consider that there is an opportunity for value added, locations which they consider under priced by the market, target universities, prime city targets and advice on value implications in the structuring of an investment in a particular building.
- Providing a quarterly valuation report to the Property Adviser updating the MV of the Cell's Portfolio.
- Valuing properties acquired.

Provisions in respect of liability, indemnity term and termination are similar to those in respect of the Administration Agreement, subject to an initial period of one year terminable thereafter by six months' notice given by either party.

Property Adviser's Agreement

The Property Adviser has been appointed by the Company pursuant to the Property Adviser's Agreement. The Property Adviser will be responsible for the following:

- Attending meetings of the Investment Committee and the Board of the Company.
- Making recommendations to the Company in respect of acquiring and selling properties.
- Supervising the management of the underlying property Portfolio of the Cell, including letting, repairing, maintaining and insuring properties.

Provisions in respect of liability and indemnity are similar to those in respect of the Administration Agreement. The appointment of the Property Adviser will be for an initial period of three years terminable thereafter by six months' written notice given by either party.

Finance Agreements

The Cell has, via a number of SPVs, entered into a number of Facility Agreements with Barclays Bank plc pursuant to which Barclays Bank plc has agreed to provide loan facilities to the SPVs to assist in funding the acquisition of the Existing Portfolio. Under the Facility Agreements, the SPVs have also entered into debentures and other security arrangements with Barclays Bank plc. As a condition of Barclays Bank plc making the loan facilities available to the SPVs and as security for the indebtedness of the SPVs to Barclays Bank plc, the Cell has entered into security interest agreements with Barclays Bank plc whereby the Cell has given a security interest over its shares in the SPVs.

Documents Available for Inspection

The register of holders of Shares may be inspected at the registered office of the Company, Frances House, Sir William Place, St Peter Port, Guernsey. Copies of the following documents may be inspected at the registered offices of the Company, the Promoter and the Administrator during usual business hours on each weekday (Saturdays, Sundays and public holidays excepted):

- (i) the Memorandum of Association and Articles;
- (ii) each of the material agreements referred to above;
- (iii) this document;
- (iv) all documents comprising the Listing Document and all documents referred to therein;
- (v) a list of current and past directorships held by the Directors of the Company within the previous five years;
- (vi) the Companies (Guernsey) Law 2008 (as amended); and
- (vii) the Collective Investment Schemes (Class B) Rules, 1990.



Application Procedure

Disclosure Statement

- (i) I/We acknowledge receipt of the current Information Memorandum which I/we have carefully considered in advance of my/our application and have taken note in particular of the investment strategy and policy and the risk factors relating thereto. I/We hereby confirm that my/our application is made solely on the terms thereof and is subject to the Articles.
- (ii) I/We acknowledge that any financial intermediary who advised me/us in relation to this application did so as my/our adviser and was not an agent of or acting on behalf of the Company.
- (iii) I/We confirm that I/we have the authority to make the investment pursuant to the Application Form whether this investment is my/our own or is made on behalf of another person or institution and I/we confirm that I/we have the right and authority to request redemption of Shares and that I/we will comply with the redemption instructions set out in the Information Memorandum.
- (iv) The Administrator is hereby authorised and instructed to accept and execute any instructions in respect of the Shares to which my/our application relates and the Administrator and the Company may rely conclusively upon and shall incur no liability in acting upon such notice, request, consent, instruction or other instrument believed by either of them in good faith to be genuine or to be signed by the proper person(s) or duly authorised or properly made.
- (v) I/We irrevocably apply for such number of Shares (including fractions) at a price determined in accordance with the Information Memorandum as may be purchased with the amount subscribed. I/We hereby undertake and agree to accept any number of Shares in respect of which my/our application may be accepted. I/We acknowledge that the Administrator reserves the right to reject any application in whole or in part and to restrict or prevent the ownership of Shares by any person, firm or corporation in the circumstances outlined in the Information Memorandum.
- (vi) On demand I/we (jointly and severally) promise to pay to the Company for the account of the Cell or order the sum of the amount subscribed and pledge the subscribed Shares as security for payment of all sums due hereunder. I/We note that the Articles of Association contain provisions enabling forfeiture of Shares in the event of non-payment of my Subscription
- (vii) I/We warrant that the acceptance of my/our Application to subscribe for Shares together with the appropriate remittance will not breach any applicable money laundering regulations and legislation, and I/we undertake to provide verification of my/our identity reasonably satisfactory to the Administrator, if so requested. I/We shall hold the Company and the Administrator and any other party including the other Shareholders harmless and indemnified against any loss arising due to failure to process this application if such information, as has been required, has not been provided by me/us or, if by virtue of my/our holding, I/we are in breach of the laws and regulations of any competent jurisdiction. I/We further confirm that for investments being made in a nominee name or by a SIPP, SSAS or Offshore bond that the necessary due diligence has been completed on all of the underlying clients to this application.
- (viii) I/We confirm that I/we am/are over the age of 18 years of age and that I/we hereby authorise the Administrator, its nominees, affiliates or its directors and officers to obtain independent verification of any information I/we have provided with respect to this application.
- (ix) I/We confirm that I/we am/are aware of the taxation, investment and legal implications of this investment and that, where necessary, I/we have obtained independent advice and that the Administrator and the Company are in no way responsible or accountable for my decision in respect of this Application.
- (x) I/We consent to the use, by the Company or any third party acting on its behalf, of the information (including personal data) contained in this Application Form (the "Information") for the purpose of enabling the Company, or any third party acting on its behalf, to process this Application and, if successful, to administer and service my/our investment in the Company in accordance with the terms of the Information Memorandum and the Articles.
- (xi) I/We acknowledge that the Company respects my/our privacy and all Information collected by the Company, or any third party acting on its behalf, will be treated in accordance with the provisions of the Data Protection (Bailiwick of Guernsey) Law 2001.
- (xii) (Applicable where there are joint Shareholders) We direct that on the death of one of us, the Shares for which we apply be held in the name of and to the order of the survivor(s) of us or the executors and/or administrator of such survivor(s).

- (xiii) I/We declare that the Shares subscribed for are not being acquired directly or indirectly by a person who is resident in Guernsey for the purposes of taxation.
- (xiv) I/We declare that the Shares are not being acquired directly or indirectly by a "US Person" (as defined by regulation S of the United States Securities Act of 1933), nor in violation of any applicable law. In particular, (i) I/we understand that the Company has not been and will not be registered under the United States of America Investment Company Act of 1940, as amended, and that the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities law of the United States and, unless described otherwise in the Information Memorandum, the Shares may not be offered, sold, transferred, assigned or delivered, directly or indirectly, in the United States of America or to a US Person at any time; (ii) I am not/none of us is a US Person.
- (xv) I/We agree to notify the Administrator in writing immediately if I/we become aware that any of the above representations is no longer complete and accurate in all respects and agree immediately to redeem, or tender to the Company for repurchase, a sufficient number of Shares to allow the representations to be made.

Prevention of Money Laundering Provisions

All Subscriptions must comply with all applicable money laundering regulations and legislation. The Administrator may, at its absolute discretion, require verification of identity from any person applying to subscribe for Shares (an "applicant"). The making of an Application to subscribe for Shares will constitute a warranty from the applicant that no applicable money laundering regulations and legislation will be breached by the acceptance of the appropriate remittance and an undertaking from the applicant to provide verification of identity reasonably satisfactory to the Administrator.

Unless the Company in its absolute discretion shall otherwise determine, the obligation of the Company to allot Shares to an applicant is conditional on the Administrator being provided with such evidence within a reasonable time (as determined by the Directors) after a request therefore. Accordingly, if this condition is not fulfilled or waived by the Company, the application by and any allotment of Shares to the applicant will be deemed to have lapsed and the money paid by the applicant will be returned (without interest) to the account of the bank from which such sums were originally debited (but in each case subject to applicable money laundering regulations and legislation and without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to provide satisfactory evidence as aforesaid).

Application Procedure

Applications for Shares must be made to the Promoter by 5pm on the 24th day of the month (or, if not a Business Day, the preceding Business Day) or such other date or time as may be determined by the Directors in order to be dealt with on the next following Subscription Day. Applications should be made by completing the Application Form and sending it to the Promoter by post or by fax (followed by post) duly completed.

Incomplete Applications will be returned to the applicant without being logged as received.

An acknowledgement of the investment will be made by the issue of a contract note which will be sent to the applicant with a duplicate to the applicant's authorised agent, if one is appointed.

Payment for Shares may be made by cheque, bankers draft or telegraphic transfer, as specified on the Application Form. Applicants will be allotted Shares on the Subscription Day following the day on which the Administrator receives the later of the duly completed Application Form and advice from the receiving bank that cleared funds are available.

An application for Shares made by an Applicant who does not already have an existing holding of Shares will not be accepted if it is for less than £10,000 by value or its equivalent in other currencies. Further applications by an existing Shareholder must be for a minimum of £3,000 by value or its equivalent in other currencies.

The completed Application Form should be detached and posted or faxed (with the original following by post) to the Promoter:

Braemar Securities Limited
Richmond House
Heath Road
Hale
Cheshire WA14 2XP

Tel: 0161 929 4969

Fax: 0161 929 0111

Interest earned on cleared funds received before each Dealing Day will accrue for the benefit of the relevant Cell.

Verification Documents Required

The Administrator is required to verify the identity of all new investors and applicants are therefore required to produce the documents as outlined in Note A on page 1 of the Application Form, which must be attached to the Application Form.





Braemar Securities Limited
Richmond House, Heath Road, Hale, Altrincham, Cheshire WA14 2XP
Tel: 0161 929 4969 | Fax: 0161 929 0111 | Web: www.braemar-group.co.uk

Braemar Securities Limited is authorised and regulated by the Financial Services Authority

25 September 2009