

ODIN FINANCE DAC

(incorporated in Ireland as a designated activity company limited by shares with registration number 566051)

**£100,000,000 Floating Rate Notes due 2023
(the "Notes")**

Initial Principal Amount of the Notes	Issue Price	Interest Reference Rate	Margin⁽¹⁾	Expected Maturity Date⁽²⁾	Final Maturity Date
£100,000,000	100%	three-month LIBOR	1.70 per cent.	21 May 2020	22 May 2023

(1) The Notes will bear interest at three-month LIBOR plus the Margin specified above.

(2) Based on the assumptions set out in "YIELD, PREPAYMENT AND MATURITY CONSIDERATIONS" at page 174.

Closing Date	The Issuer expects to issue the Notes on or about 24 September 2015 (the " Closing Date ").
Underlying Assets	<p>The Issuer will make payments on the Notes from interest and principal received in respect of a £100,000,000 <i>pari passu</i> tranche (the "Loan") of a £390,000,000 loan (the "Whole Loan") (the Whole Loan was originally advanced by Citibank, N.A., London Branch, as original lender (the "Originator") pursuant to a senior facility agreement dated 16 April 2015 and amended on 27 May 2015 (the "Senior Facility Agreement") and subsequently certain commitments in the Whole Loan were syndicated to other lenders, including Lloyds Bank plc). On the Closing Date, each of Citibank N.A., London Branch and Lloyds Bank plc, will sell and transfer their respective commitments in the Loan to the Issuer, thereby making the Issuer a lender of record under the Senior Facility Agreement. The Issuer will also make payments on the Notes from its <i>pro rata</i> portion of all other fees and amounts payable to the Issuer as a lender of record under the Senior Facility Agreement. Payments of amounts under the Loan will be applied in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable, and allocated to the Notes. The Whole Loan is secured by a portfolio of commercial properties located in the United Kingdom (each a "Property" and collectively the "Properties" or the "Portfolio").</p> <p>During the life of the Notes, the Revenue Receipts are expected to be sufficient to pay the interest amounts under the Notes.</p> <p>See the sections entitled "THE LOAN AND RELATED SECURITY", "DESCRIPTION OF THE PORTFOLIO" and "SALE OF ASSETS" for more details.</p>
Redemption Provisions	Information on any optional and mandatory redemption of the Notes is summarised on page 10 " OVERVIEW OF THE TRANSACTION – OVERVIEW OF THE KEY TERMS OF THE NOTES " and set out in full in Condition 6 (<i>Redemption and Cancellation</i>).
Credit Ratings	Ratings have not been requested or assigned to the Notes.

Before making any decision to invest in the Notes, prospective Noteholders should pay particular attention to the section entitled "RISK FACTORS" in this Offering Circular, starting on page 23.

Arranger - Citigroup

Joint Lead Managers
Citigroup
Lloyds Bank plc

The date of this Offering Circular is 22 September 2015

Listing	This Offering Circular (" Offering Circular ") comprises a prospectus (the " Prospectus "), for the purpose of Directive 2003/71/EC (as amended by the Commission Powers (Prospectus) Directive 2008/11 EC and the Amending Directive 2010/73 EU) (the " Prospectus Directive "). References throughout this document to this " Offering Circular " shall be taken to read "Prospectus" for such purpose. The Prospectus has been approved by the Central Bank of Ireland (the " Central Bank ") as competent authority under the Prospectus Directive. The Central Bank only approves this Offering Circular as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to The Irish Stock Exchange plc (the " Irish Stock Exchange ") for the Notes to be admitted to the Official List (the " Official List ") and trading on its regulated market. The regulated market of the Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC.
Obligations	The Notes will be limited recourse obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of the Arranger, the Joint Lead Managers, the Originator, the Sellers, any of their affiliates or any other party named in this Offering Circular.
Retention Undertaking / Volcker Rule	The Issuer is of the opinion that Article 405 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 21, 2013, referred to as the Capital Requirements Regulation (" CRR ") and Article 51 of Regulation (EU) 231/2013 (the " AIFM Regulation ") do not apply to the issue of the Notes. In addition the Issuer is of the view that the risk retention requirements provided for under the Solvency II Directive (once it comes into force) will not apply to the issuance of the Notes. Further, the Issuer expects to conduct its activities in a manner such that the Issuer will not be treated as a "covered fund" for the purposes of regulations adopted under Section 13 of the Bank Holding Company Act 1956, as amended (commonly known as the " Volcker Rule "). See the sections entitled " REGULATORY DISCLOSURE " and " RISK FACTORS – C. LEGAL AND REGULATORY REQUIREMENTS –Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes " of this Offering Circular for more details.
Credit Enhancement	No structural credit support will be provided for the Notes. Payments to be made to the Issuer under the Loan will rank <i>pari passu</i> with other payments to be made to other lenders under the Whole Loan. In connection with the Whole Loan, a loan to value ratio is required to be maintained by the Borrower in accordance with the Senior Facility Agreement, the details of which are set out in the section entitled " THE LOAN AND THE RELATED SECURITY – Financial Covenants ".

THE NOTES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAWS, THE NOTES ARE BEING OFFERED AND SOLD ONLY TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S ("**REGULATION S**") IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. IN ADDITION, NO HOLDER OF ANY INTEREST IN THE NOTES MAY EFFECT ANY SUBSEQUENT TRANSFER THEREOF WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). THE ISSUER IS NOT REQUIRED TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940 (THE "**INVESTMENT COMPANY ACT**") BECAUSE (A) IT IS NOT ORGANIZED OR OTHERWISE CREATED UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR OF A STATE THEREOF AND (B) NONE OF ITS SECURITIES WILL BE HELD BY ANY RESIDENT OF THE UNITED STATES. HOWEVER, IF THE ISSUER WERE ORGANIZED OR OTHERWISE CREATED UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR OF A STATE THEREOF, THE ISSUER WOULD NOT BE AN "INVESTMENT COMPANY" BY REASON OF THE EXCEPTION CONTAINED IN SECTION 3(C)(5) OF THE INVESTMENT COMPANY ACT.

THE "**RISK FACTORS**" SECTION CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES.

PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.

If any withholding or deduction for or on account of tax is applicable to payments of interest on and/or repayments of principal of the Notes, such payments and/or repayments will be made subject to such withholding or deduction, without the Issuer being obliged to pay any additional amounts as a consequence.

The Notes will be represented by a global note in registered form (the "**Global Note**") and will be deposited with, and registered in the name of a nominee for the common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium, as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking, société anonyme, 42 Avenue J.F. Kennedy, L-1855 Luxembourg ("**Clearstream, Luxembourg**") on or about the Closing Date. Ownership interests in the Global Note will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. The Global Note will be exchangeable for Definitive Notes in registered form only in certain limited circumstances as set out in this Offering Circular.

IMPORTANT NOTICE

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer, the Originator, the Sellers, the Note Trustee, the Issuer Security Trustee, the Joint Lead Managers, the Arranger or any other Issuer Related Party that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Originator, the Sellers, the Note Trustee, the Issuer Security Trustee, the Arranger, the Joint Lead Managers or any other Issuer Related Party which would permit a public offering of the Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Joint Lead Managers have represented that all offers and sales by them will be made on such terms. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

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

Where information has been indicated to have been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not verified the figures, market data and other information contained in the publicly available sources and does not assume any responsibility for the accuracy of the figures, market data or other information from the publicly available sources.

U.S. Bank Trustees Limited, Elavon Financial Services Limited, UK Branch and Elavon Financial Services Limited accept joint and several responsibility for the information contained in the section of this Offering Circular entitled "*DESCRIPTION OF THE NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE CASH MANAGER, THE OPERATING BANK, THE AGENT BANK, THE PRINCIPAL PAYING AGENT AND REGISTRAR*" at page 56 (insofar as the same relates to each of them respectively). To the best of the knowledge and belief of U.S. Bank Trustees Limited, Elavon Financial Services Limited, UK Branch and Elavon Financial Services Limited (each having taken all reasonable care to ensure that such is the case), the information contained in the section of this Offering Circular entitled "*DESCRIPTION OF THE NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE CASH MANAGER, THE OPERATING BANK, THE AGENT BANK, THE PRINCIPAL PAYING AGENT AND REGISTRAR*" at page 56 (insofar as the same relates to each of them respectively) is in accordance with the facts and does not omit anything likely to affect the import of such information.

This information relating to the Borrower and the Guarantors contained in the sections of this Offering Circular entitled "*THE BORROWER*", "*THE ORIGINAL GUARANTORS*" and "*THE ADDITIONAL GUARANTORS*", at pages 57, 62 and 66, has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by the Borrower and the Guarantors no facts have been omitted which would render the reproduced information inaccurate or misleading.

CBRE Limited ("**CBRE Limited**") accepts responsibility for the Initial Valuation. To the best of CBRE Limited's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in the Initial Valuation is in accordance with the facts and does not omit anything likely to affect its import. (See also '*INITIAL VALUATION DISCLAIMER*' below.).

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Originator, the Sellers, the Arranger, the Joint Lead Managers or any associated body of the Originator, the Sellers, the Arranger or the Joint Lead Managers or any other Issuer Related Party or any of their respective affiliates or shareholders or the shareholders of the Issuer. Neither the delivery of this Offering Circular nor any sale or

allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been any change in the information contained herein since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

Each original purchaser of an interest in the Notes and any subsequent purchaser of the Notes (whether directly from the Issuer or from a Joint Lead Manager as part of its distribution) will be required to complete and deliver to the Issuer and the Joint Lead Managers an investor representation letter in relation to its purchase of an interest in the Notes. The Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws. The Notes may not be offered, sold or delivered, directly or indirectly, whether as part of the initial distribution thereof or in any subsequent transfer, within the United States or to, or for the account or benefit of, any U.S. Persons (as defined in Regulation S under the Securities Act).

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer, which obligations will be limited recourse obligations in accordance with the terms thereof. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, the Originator, the Sellers, the Arranger, the Joint Lead Managers or any associated body of the Originator, the Sellers, the Arranger, the Joint Lead Managers or any other Issuer Related Party or any of their respective affiliates or shareholders or the shareholders of the Issuer and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Notes. Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank. Copies of this Offering Circular have been filed with and approved by the Central Bank as required by the Prospectus (Directive 2003/71/EC) Regulations 2005 as amended of Ireland (the “**Irish Prospectus Regulations**”). Upon approval of this Offering Circular by the Central Bank, this Offering Circular will be filed with the Companies Registration Office in Ireland in accordance with Regulation 38(1)(b) of the Irish Prospectus Regulations.

OFFEREE ACKNOWLEDGEMENTS

Each person receiving this Offering Circular, by acceptance hereof, hereby acknowledges that:

This Offering Circular has been prepared by the Issuer solely for the purpose of offering the Notes described herein. Notwithstanding any investigation that the Joint Lead Managers may have made with respect to the information set forth herein, this Offering Circular does not constitute, and shall not be construed as, any representation or warranty by the Joint Lead Managers as to the adequacy or accuracy of the information set forth herein. Delivery of this Offering Circular to any person other than a prospective Noteholder and those persons, if any, retained to advise such prospective Noteholder with respect to the possible offer and sale of the Notes is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes is strictly prohibited. A prospective Noteholder shall not be entitled to, and must not rely on this Offering Circular unless it was furnished to such prospective Noteholder directly by the Issuer or the Joint Lead Managers.

The obligations of the parties to the transactions contemplated herein are set forth in and will be governed by certain documents described herein, and all of the statements and information contained herein are qualified in their entirety by reference to such documents. This Offering Circular contains summaries, which the Issuer believes to be accurate, of certain of these documents, but for a complete description of the rights and obligations summarised herein, reference is hereby made to the actual documents, copies of which may (on giving reasonable notice) be obtained from the Principal Paying Agent.

EACH PERSON RECEIVING THIS OFFERING CIRCULAR ACKNOWLEDGES THAT (A) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN, (B) SUCH PERSON HAS NOT RELIED ON THE JOINT LEAD MANAGERS OR ANY PERSON AFFILIATED WITH THE JOINT LEAD MANAGERS IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION, (C) NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE NOTES OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, ANY SUCH OTHER INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED, AND (D) NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER WILL CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS AT ANY TIME SINCE THE DATE HEREOF. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN BUSINESS, LEGAL AND TAX ADVISORS FOR INVESTMENT, LEGAL AND TAX ADVICE AND AS TO THE DESIRABILITY AND CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Offering Circular, including with respect to assumptions on prepayment and certain other characteristics of the Loan and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "projects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and changes in governmental regulations, fiscal policy, planning or tax laws in Ireland and the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Joint Lead Managers have not attempted to verify any such statements, nor do they make any representation, express or implied, with respect thereto.

Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. Neither the Issuer nor the Joint Lead Managers assume any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

REFERENCES TO CURRENCIES

All references in this Offering Circular to "**sterling**" or "**pounds**", or "**£**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland (the "**UK**" or the "**United Kingdom**") and references to "euro" or "Euro" are to the currency introduced at the commencement of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, as amended by the Treaty of Amsterdam.

Websites referred to in this Offering Circular do not form part of this Offering Circular.

INTERPRETATION

The language of this Offering Circular is English.

An index of capitalised terms used in this Offering Circular is set in the section entitled "*INDEX OF DEFINED TERMS*" on page 515.

GENERAL NOTICE TO INVESTORS

Other than the approval by the Central Bank of this Offering Circular as a "prospectus" in accordance with the requirements of the Prospectus Directive and the relevant implementing measures in Ireland, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part hereof) comes are required by the Issuer and the Joint Lead Managers to inform themselves about, and to observe, any such restrictions. Neither this Offering Circular nor any part of it constitutes an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for or purchase any of the Notes and neither this Offering Circular, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

For a further description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular (or any part hereof) see section "*SUBSCRIPTION AND SALE*" at page 232.

REGULATORY DISCLOSURE

The Issuer is of the opinion that, for the reasons set out below, the transaction described in this Offering Circular in connection with the issuance of the Notes (the "**Transaction**") is not a "securitisation" for the purposes of Article 405 of the CRR, Article 51 of Regulation No. 231/2013 (the "**AIFM Regulation**") or (once it comes into force) the Solvency II Directive.

Article 4(1)(61) of the CRR defines a "securitisation" as a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranching, having both of the following characteristics: (a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and (b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

Pursuant to Article 4(1)(61) of the CRR, a transaction constitutes a "securitisation" if the credit risk associated with an exposure or pool of exposures is tranching. In the context of the Transaction, any principal payments on the Loan received by or on behalf of the Issuer before enforcement will be passed through to make payments of principal and (after the delivery of a Note Acceleration Notice) principal and interest on the Notes. For example, the Transaction does not involve the issuance of a separate class of notes which are subordinated to the Notes in right of any payments. Therefore, an investment in the Notes will not reflect a different degree of credit risk of the exposure to the underlying Loan.

Although the Transaction has the characteristic that the "payments in the transaction or scheme are dependent upon the performance of the exposure", there is an absence of credit risk tranching. No subordinated note will be issued which can absorb principal losses in order to permit ongoing payments to be made to the Notes.

Notwithstanding the foregoing analysis, each prospective Noteholder is responsible for determining its own regulatory position and independently assessing whether or not Article 405 of the CRR, Article 51 of the AIFM Regulation or the Solvency II Directive (as the case may be) will be applied to its exposure to the Notes. Investors subject to the CRR, the AIFM Regulation or (once it comes into force) the Solvency II Directive should consult their regulator should they require guidance in relation to the regulatory capital treatment that their regulator would apply to an investment in the Notes. Article 405 of the CRR, Article 51 of the AIFM Regulation, the Solvency II Directive and/or any further change thereto, regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and have a negative impact on the price and liquidity of the Notes in the secondary market.

"Volcker Rule"

The Issuer expects to conduct its activities in a manner so that the Issuer will not be treated as a "covered fund" within the meaning given to such term in Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and Regulation VV of the Board of Governors of the Federal Reserve System promulgated thereunder. This statutory provision and the related regulations issued thereunder are commonly referred to as the Volcker Rule. The Issuer expects to avoid treatment as a "covered fund" by reason of the following: (1) if the Issuer were organized or otherwise created under the laws of the United States of America or of a state thereof, the Issuer would not be required to rely solely on Section 3(c)(1) or 3(c)(7) of the Investment Company Act, in order to avoid being an "investment company" under the Investment Company Act, (2) if the Issuer were organized or otherwise created under the laws of the United States of America or of a state thereof, the Issuer would be able to avoid being an "investment company" by reason of the exception contained in Section 3(c)(5) of the Investment Company Act and (3) the Issuer does not expect to be a "commodity pool" under Section 1a(10) of the U.S. Commodity Exchange Act.

None of the Issuer, the Originator, the Sellers, the Note Trustee, the Issuer Security Trustee, the Joint Lead Managers, the Arranger, the Issuer Corporate Services Provider nor any other Issuer Related Party makes any representation that the information described above or in this Offering Circular is sufficient in all circumstances for such purposes. See the section entitled "**RISK FACTORS – C. LEGAL AND REGULATORY REQUIREMENTS – Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes**" of this Offering Circular.

The address of Citibank N.A., London Branch (as the Originator and a Seller) is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. The address of Lloyds Bank plc (as a Seller) is 10 Gresham Street,

London, EC2V 7AE. One of the significant business activities of the Originator and the respective Sellers is commercial lending.

INITIAL VALUATION DISCLAIMER

The Originator and the Facility Agent engaged CBRE Limited (a member of the Royal Institution of Chartered Surveyors ("**RICS**")) to produce appraisals of the Properties, each with the valuation date of 10 April 2015 in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (January 2014) Global & UK edition incorporating the International Valuation Standards. A summary of such appraisal of the Properties is set out in Appendix 3 (*Initial Valuation*) of this Offering Circular (the "**Initial Valuation**").

The valuations in the Initial Valuation have been used for the purposes of this transaction and throughout this Offering Circular.

CBRE Limited does not have any material interest in the Issuer.

CBRE Limited (a) has given and has not withdrawn its written consent both to the inclusion in this Offering Circular of the Initial Valuation and to references to the Initial Valuation in the form and context in which they appear, and (b) has authorised and accepts responsibility for the Initial Valuation. With the exception of this Initial Valuation, CBRE Limited does not accept any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer or any other party in connection with the issue of the Notes.

To the extent that the Issuer has summarised or included any part of the Initial Valuation in the Offering Circular, such summaries or extracts should be considered in conjunction with the entire Initial Valuation. CBRE Limited does not accept any responsibility for any summary or extract of the Initial Valuation by the Issuer.

Except for any responsibility arising under the Prospectus (Directive 2003/71/EC) Regulations 2005 and the Prospectus rules issued by the Central Bank of Ireland (the "**Irish Regulations and Rules**") to any person as and to the extent there provided, to the fullest extent permitted by law CBRE Limited do not assume any responsibility and will not accept any liability to any person for any loss suffered by any such person as a result of, arising out of, or in accordance with the Initial Valuation or CBRE Limited's responsibility statement, required by and given solely for the purposes of complying with the above Irish Regulations and Rules and the Prospectus Directive.

In undertaking the Initial Valuation, CBRE Limited has based its work on certain information from third-party sources, in particular as detailed in the "Sources of Information" section of the Initial Valuation report, which they have assumed to be correct and comprehensive but have not verified. For the avoidance of doubt it should be noted that CBRE Limited were not provided with all of the due diligence reports detailed '*THE ORIGINATION AND DUE DILIGENCE PROCESS*' below.

Prospective Noteholders should be aware that the valuations of the Properties set out in the Initial Valuation are as at 10 April 2015 and were carried out prior to the date of this Offering Circular. The properties were last inspected by CBRE Limited on 28 January 2015. CBRE Limited has not been requested to update or revise the valuations of any of the Properties for the purposes of the Initial Valuation, nor will it be asked to do so prior to the issue of the Notes. Accordingly, the information included in the Initial Valuation may not reflect the current physical, economic, competitive, market or other conditions with respect to the Properties. As set out in the Initial Valuation, CBRE Limited's valuations were based on the income, letting and running cost positions of the properties under the previous owner-operator and do not reflect any changes which may have occurred due to the change of ownership and operator. Prospective Noteholders should also be aware that the valuations do not reflect any restrictions imposed under the '*Property Undertakings*' of the Obligors detailed below. None of the Borrower, the Arranger, the Joint Lead Managers, the Originator, the Sellers, the Cash Manager, the Note Trustee, the Issuer Security Trustee, the Facility Agent, the Security Agent, the Issuer Corporate Services Provider, the Principal Paying Agent, the Agent Bank, the Account Bank, the Registrar or any other Issuer Related Party or any other party referred to in this Offering Circular (other than CBRE Limited) are responsible for the information contained in the Initial Valuation.

The information contained in the Initial Valuation must be considered together with all of the information contained elsewhere in this Offering Circular, including, without limitation, the statements made in the section entitled "*RISK FACTORS – F. CONSIDERATIONS RELATING TO THE LOAN AND THE LOAN SECURITY – Valuations*". All of the information contained in the Initial Valuation is subject to the same limitations,

qualifications and restrictions contained in the other portions of this Offering Circular. Prospective Noteholders are strongly urged to read this Offering Circular in its entirety prior to accessing the Initial Valuation.

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OVERVIEW OF THE TRANSACTION

TRANSACTION OVERVIEW DIAGRAM

The diagram below is intended to highlight the structure of this transaction. It is not intended to be an exhaustive description of this transaction. Prospective Noteholders should review the detailed information set out elsewhere in this offering circular for a description of the transaction structure and relevant cashflows prior to making any investment decision.

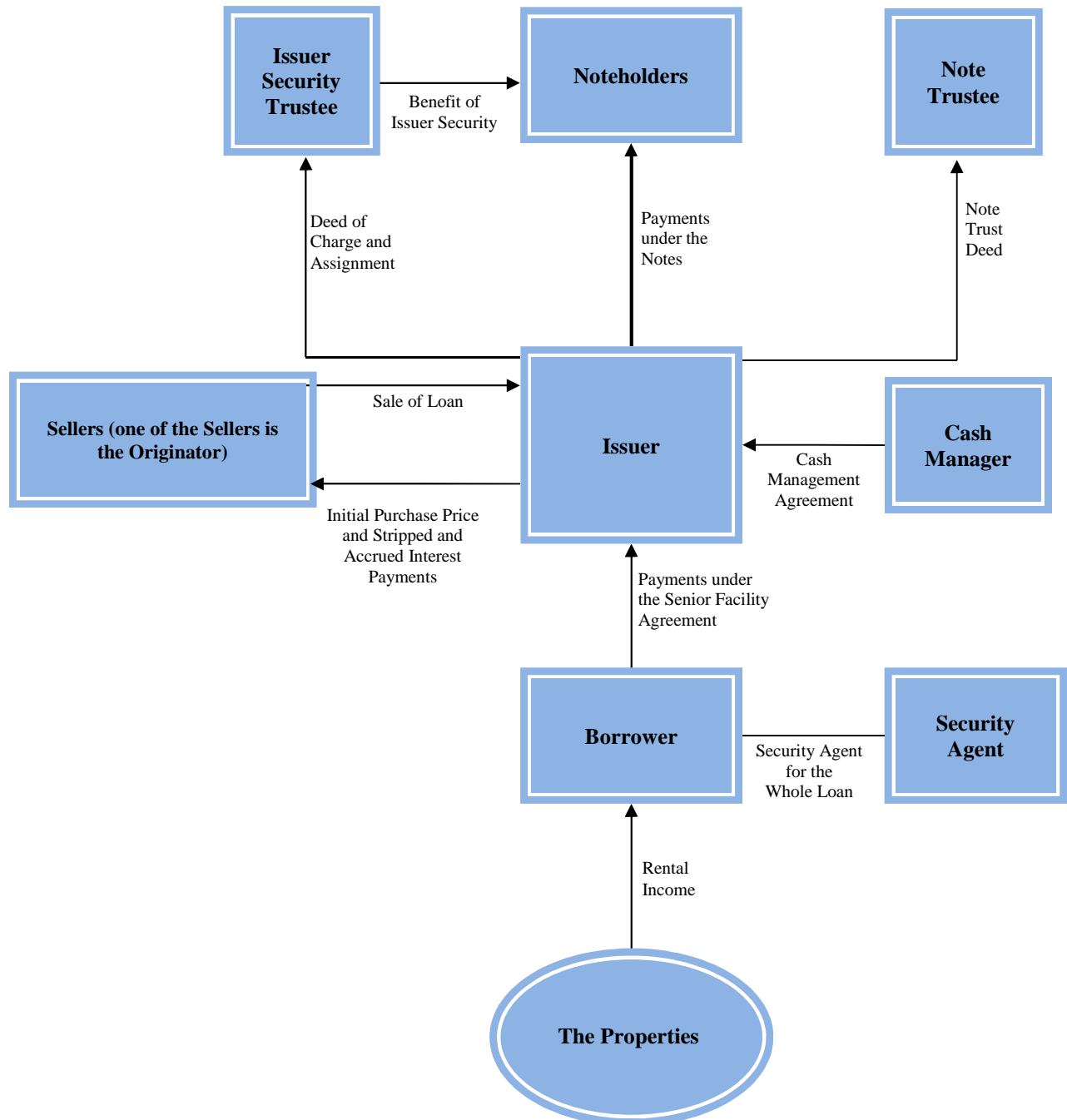
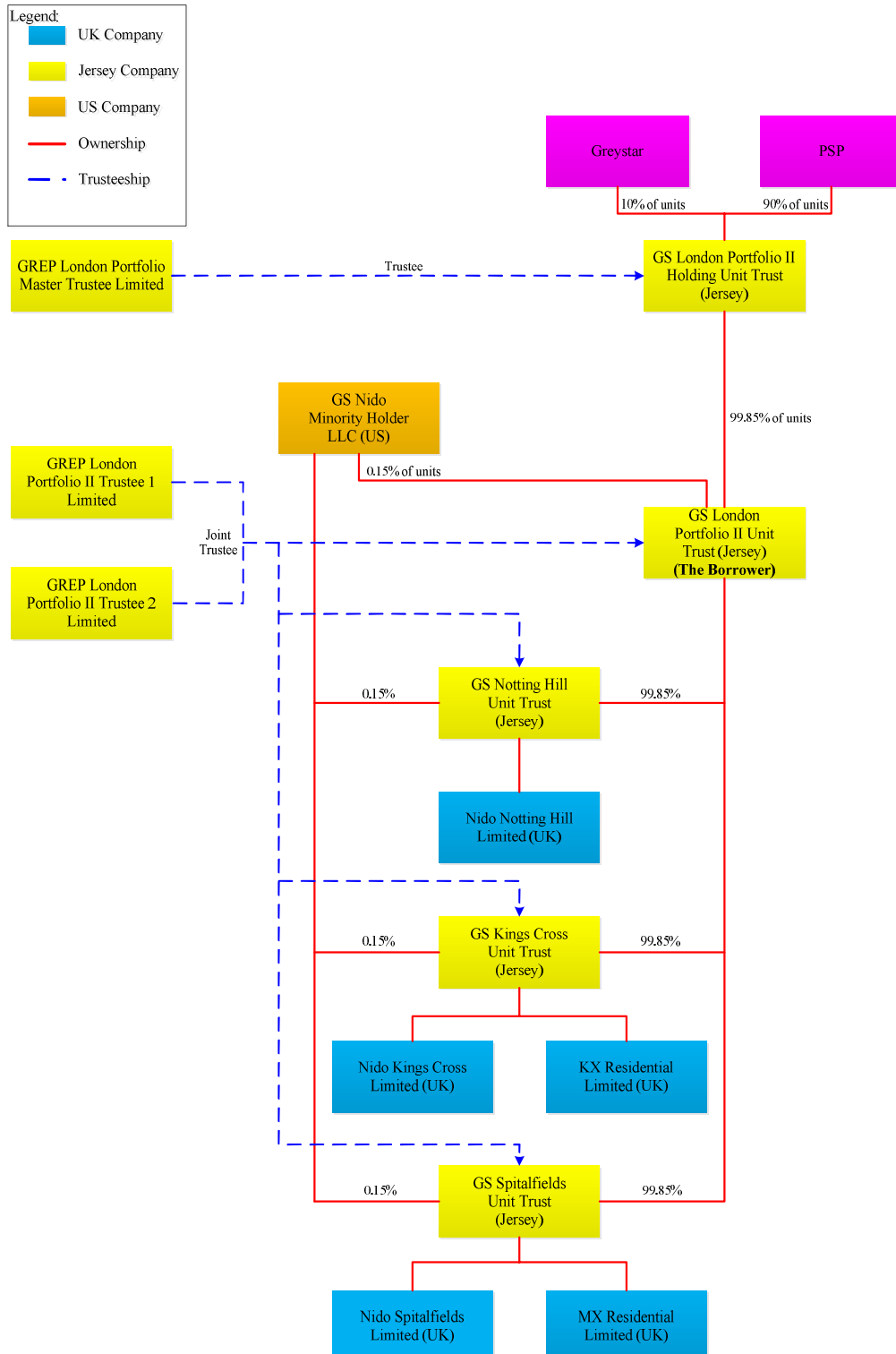
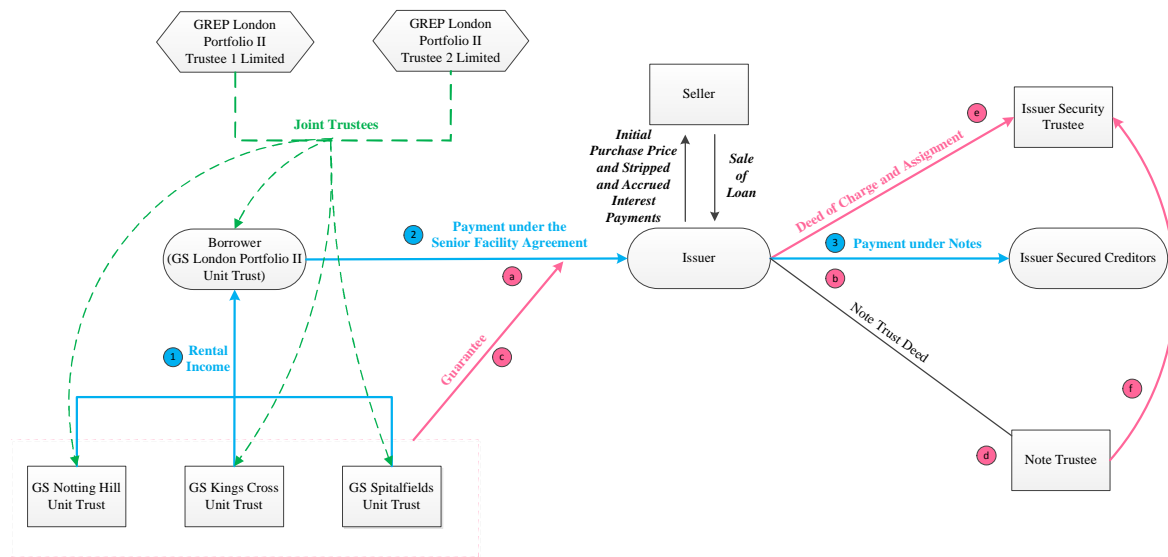


DIAGRAM OF THE BORROWER'S GROUP STRUCTURE

The diagram on this page sets out the corporate structure of the Borrower and certain of its affiliates as at 17 April 2015. It is not intended to be an exhaustive description or depiction of the Borrower's group. Prospective Noteholders should note that only the Properties will form the security for the Loan and ultimately, those Notes. None of the entities depicted on this diagram have any obligations under the Notes. Prospective Noteholders should review the detailed information set out elsewhere in this Offering Circular for a description of the transaction structure and relevant cashflows prior to making any investment decision.



CASHFLOW AND NOTEHOLDER ENFORCEMENT IN THE EVENT OF BORROWER DEFAULT



Cashflow

- (1) The Borrower receives rental income from the Properties (which are held by the various unit trusts).
- (2) The Borrower uses the rental income to make payments to the Lenders under the Senior Facility Agreement.
- (3) The Issuer, being one of these Lenders for the purposes of the Loan, uses the repayments made under the Loan (such repayments having been made from rental income) to make the necessary payments to the Noteholders under the Notes.

In the event of the Borrower failing to make an interest payment under the Loan

- (a) In the event that the Borrower fails to make an interest payment under the Senior Facility Agreement:
 - a. The Issuer will be unable to be able to make the corresponding interest payment due under the Notes;
 - b. The Obligors (as defined below) have jointly and severally guaranteed the obligations of the Borrower under the Senior Facility Agreement, so in the event that the Borrower fails to make a payment, the secured parties under the Senior Facility Agreement will have recourse to this guarantee. Whilst the obligations of the Obligors under the Senior Facility Agreement are guaranteed, the obligations of the Issuer under the Notes are not guaranteed.
- (b) The Eligible Noteholders may, being holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes, direct the Note Trustee to give a Note Acceleration Notice to the Issuer declaring all the Notes to be immediately due and repayable and the Issuer Security (as defined in the Master Definitions and Construction Schedule) enforceable. Alternatively, a majority of Noteholders may pass an Extraordinary Resolution (a majority being holders of not less than 75 per cent. in aggregate of the Principal Amount Outstanding of the Notes) requiring the Note Trustee to give such Note Acceleration Notice.
- (c) Subject to certain conditions, Eligible Noteholders may by written request, and Noteholders may by Extraordinary Resolution:
 - a. direct the Note Trustee to, at its discretion and without notice, take such proceedings and other action or steps against or in relation to the Issuer or any other person it may think fit, to enforce the provisions of the Notes, the Note Trust Deed, and the other Issuer Transaction Documents to which it is a party; and
 - b. the Note Trustee may direct the Issuer Security Trustee at any time after the Issuer Security has become enforceable, at its discretion and without notice, enforce the Issuer Security.

- (d) The Issuer Secured Creditors have indirect recourse to the Issuer's share (in proportion to its commitment of the Whole Loan) of the security over the underlying Properties since the Issuer has assigned its rights over such security in favour of the Issuer Security Trustee for the benefit of the Issuer Secured Creditors. Therefore, if the Issuer Security Trustee is directed to enforce on behalf of the Issuer Secured Creditors, the Issuer Secured Creditors will benefit from such security.

OVERVIEW OF THE BORROWER'S GROUP

The Obligor

The Borrower and the Guarantors are collectively defined in the Senior Facility Agreement as “the Obligor”.

The Borrower

The Borrower under the Senior Facility Agreement is GREP London Portfolio II Trustee 1 Limited (a company incorporated in Jersey with registered number 117904) (“**Trustee 1**”) and GREP London Portfolio II Trustee 2 Limited (a company incorporated in Jersey with registered number 117905) (“**Trustee 2**”, together with Trustee 1, the “**JPUT Trustees**”), both of 22 Grenville Street, St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS London Portfolio II Unit Trust, a unit trust constituted under the laws of Jersey.

A Jersey property unit trust (a “**JPUT**”) is a trust established under Jersey law for the purpose of holding property on trust for its beneficiaries. The trustees of a JPUT issue units in the trust to its beneficiaries and there is no restriction on the number of units that can be issued. The trust instrument in respect of the Borrower trust was constituted under a trust instrument on 10 March 2015 (as amended and restated on 7 April 2015) for the purpose of holding the Properties and entry into the Loan. Therefore, the Borrower does not have any other material assets outside of its ownership of the Properties (and the assets which relate to these, such as rental income from the leases) and of its subsidiaries.

The JPUT Trustees do not have any liabilities arising under the Loan (i) in their own corporate capacity (unless such liabilities arise by virtue of fraud, breach of trust or gross negligence/wilful misconduct on the part of either trustee company); or (ii) in their capacity as trustees of any other Jersey unit trust. Therefore, recourse against the Borrower under the Loan only extends to the value of the assets held on trust by the JPUT Trustees as trustees of the GS London Portfolio II Unit Trust.

Any liabilities of the Borrower arising under the Loan are the liabilities of the JPUT Trustees, but only in their capacity as trustees of the GS London Portfolio II Unit Trust.

The directors of Trustee 1 may from time to time act as directors, or be otherwise involved in, other companies which may have similar objectives to those of Trustee 1. It is therefore possible that any of them may, in the course of their business, encounter potential conflicts of interests with Trustee 1. Each will respectively endeavour to ensure that such conflicts are resolved fairly and in accordance with the obligations applicable to such party. As of the date of this Offering Circular there are no principal activities performed by them outside Trustee 1 where these are significant with respect to Trustee 1.

The Guarantors

The Guarantors under the Senior Facility Agreement are:

- (a) The Borrower;
- (b) Trustee 1 and Trustee 2, both of 22 Grenville Street, St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS Notting Hill Unit Trust, a unit trust constituted under the laws of Jersey (“**GS Notting Hill**”);
- (c) Trustee 1 and Trustee 2, both of 22 Grenville Street, St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS King’s Cross Unit Trust, a unit trust constituted under the laws of Jersey (“**GS King’s Cross**”);
- (d) Trustee 1 and Trustee 2, both of 22 Grenville Street, St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS Spitalfields Unit Trust, a unit trust constituted under the laws of Jersey (“**GS Spitalfields**”);
- (a) Nido Notting Hill Limited, a company incorporated in England and Wales with registration number 07113525, having its registered office at 21 Great Winchester Street, London EC2N 2JA;

- (b) Nido King's Cross Limited, a company incorporated in England and Wales with registration number 06002315, having its registered office at 21 Great Winchester Street, London EC2N 2JA;
- (c) KX Residential Limited, a company incorporated in England and Wales with registration number 06691908, having its registered office at 21 Great Winchester Street, London EC2N 2JA;
- (d) MX Residential Limited, a company incorporated in England and Wales with registration number 06959655, having its registered office at 21 Great Winchester Street, London EC2N 2JA; and
- (e) Nido Spitalfields Limited, a company incorporated in England and Wales with registration number 06059074, having its registered office at 21 Great Winchester Street, London EC2N 2JA.

OVERVIEW OF THE TRANSACTION PARTIES

The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Offering Circular.

The Issuer and its Issuer Related Parties on the Closing Date

Party	Name	Address	Document under which Appointed/Further Information
"Issuer"	Odin Finance DAC	1 Grant's Row, Lower Mount Street, Dublin 2, Ireland	N/A. See " <i>THE ISSUER</i> " for further information.
"Cash Manager" and "Operating Bank"	Elavon Financial Services Limited, UK Branch	125 Old Broad Street, London EC2N 1AR, United Kingdom	Cash Manager and Operating Bank appointed pursuant to a cash management agreement to be entered into on the Closing Date between, among others, the Cash Manager, the Operating Bank, the Issuer Security Trustee and the Issuer (the " Cash Management Agreement "). See " <i>CASH MANAGEMENT – Cash Manager</i> " for further information.
"Agent Bank" and "Principal Paying Agent"	Elavon Financial Services Limited, UK Branch	125 Old Broad Street, London EC2N 1AR, United Kingdom	Principal Paying Agent (together with any other paying agent appointed pursuant to the Agency Agreement, the " Paying Agents ") and Agent Bank appointed pursuant to an agency agreement to be entered into on the Closing Date between, among others, the Paying Agents, the Agent Bank and the Issuer (the " Agency ").

Party	Name	Address	Document under which Appointed/Further Information
			Agreement"). See "TERMS AND CONDITIONS OF THE NOTES" for further information.
"Registrar"	Elavon Financial Services Limited	2nd Floor, Block E Cherrywood Business Park, Loughlinstown, Co. Dublin	Registrar appointed pursuant to the Agency Agreement in its capacity as registrar in relation to the Notes. See "DESCRIPTION OF THE NOTES" for further details.
"Note Trustee"	U.S. Bank Trustees Limited	125 Old Broad Street, London EC2N 1AR, United Kingdom	Note Trustee will act as trustee for the holders of the Notes pursuant to the Note Trust Deed between the Note Trustee, the Issuer Security Trustee and the Issuer. See "– Description of Note Trust Deed" for further information.
"Issuer Security Trustee"	U.S. Bank Trustees Limited	125 Old Broad Street, London EC2N 1AR, United Kingdom	Issuer Security Trustee will act as security trustee and hold on trust for itself and the other Issuer Secured Creditors the security granted by the Issuer in favour of the Issuer Secured Creditors pursuant to the Issuer Security Documents. See "TERMS AND CONDITIONS OF THE NOTES" for further information.
"Issuer Corporate Services Provider"	Structured Finance Management (Ireland) Limited	1 Grant's Row, Lower Mount Street, Dublin 2, Ireland	Issuer Corporate Services Provider will act as corporate services provider to the Issuer pursuant to a corporate services agreement between, among others, the Issuer and the Issuer Corporate Services Provider and entered into on or prior to the Closing Date (the "Issuer Corporate Services Agreement"). See "THE ISSUER" for further information.

Party	Name	Address	Document under which Appointed/Further Information
"Share Trustee"	Structured Finance Management Corporate Services (Ireland) Limited	1 Grant's Row, Lower Mount Street, Dublin 2, Ireland	The Share Trustee will hold the issued share capital of the Issuer as trustee under the terms of a charitable trust for the benefit of one or more charitable purposes.
"Originator"	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	The Originator originated the Whole Loan and, together with the other Seller, will transfer and assign the Loan to the Issuer. See " <i>THE ORIGINATION AND DUE DILIGENCE PROCESS</i> " and " <i>SALE OF ASSETS</i> " for further information.
"Sellers"	Citibank, N.A., London Branch Lloyds Bank plc	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB Global Corporate & Mid Markets Team LIBOR Loan Operations, 10 Gresham Street, London, EC2V 7AE	The Sellers will transfer and assign the Loan to the Issuer. See " <i>SALE OF ASSETS</i> " for further information.
"Facility Agent"	Mount Street Mortgage Servicing Limited	Third Floor, New City Court, 20 St Thomas Street, London SE1 9RS	Facility Agent acts as facility agent under the Senior Facility Agreement. See " <i>THE LOAN AND THE RELATED SECURITY</i> " for further information.
"Security Agent"	Mount Street Mortgage Servicing Limited	Third Floor, New City Court, 20 St Thomas Street, London SE1 9RS	Security Agent acts as security agent of the finance parties under the Senior Facility Agreement (the " Finance Parties ") and will hold, manage and, upon instructions of the relevant Finance Parties, enforce the Related Security in accordance with the Finance Documents.

Other Parties

Party	Name	Address	Document under which Appointed/Further Information
"Listing Agent"	Arthur Cox Listing Services Limited	Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland	N/A
"Listing Authority and Stock Exchange"	The Irish Stock Exchange plc	The Irish Stock Exchange 28 Anglesea Street Dublin 2 Ireland	N/A
"Clearstream, Luxembourg"	Clearstream	42 Avenue JF Kennedy L-1855 Luxembourg	N/A
"Euroclear"	Euroclear	1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium	
"Clearing Systems"	Clearstream and Euroclear	N/A	N/A

Each of the Note Trustee, the Issuer Security Trustee, any Appointee, the Cash Manager, the Operating Bank, the Agent Bank, the Principal Paying Agent, the Registrar, the Issuer Corporate Services Provider and any other Paying Agent are together referred to in this Offering Circular as the **"Issuer Related Parties"**.

Summary of the Terms and Conditions of the Notes

Please refer to the section entitled *"TERMS AND CONDITIONS OF THE NOTES"* for further detail in respect of the terms of the Notes.

OVERVIEW OF THE KEY TERMS OF THE NOTES

Currency	Sterling
Initial Principal Amount	£100,000,000
Interest Reference Rate	three-month LIBOR (or, in the case of the first Interest Period, LIBOR is the arithmetic mean of a linear interpolation of one-month and three-month LIBOR deposits)
Margin⁽¹⁾	1.70 per cent.
Distribution Dates	On the second Business Day immediately following each Loan Interest Payment Date, and on the Expected Maturity Date and on the Final Maturity Date

⁽¹⁾ The Notes will bear interest at three-month LIBOR plus the Margin specified above. See Condition 5(c) (*Rate of Interest*) for further details.

Summary of Certain Additional Features of the Notes

Credit Enhancement	None
Issue Price	100%

Interest Accrual Method	Actual/365
Interest Rate Determination Date	First day of an Interest Period
Business Day Convention	Modified following
First Distribution Date	24 November 2015
First Interest Period	From the Closing Date ending on the Loan Interest Payment Date falling on 20 November 2015
Redemption Profile	There is no scheduled amortisation under the Loan up to the Expected Maturity Date but to the extent received prior to the Expected Maturity Date, there will be a pass through of Principal Receipts
Other Early Redemption in full Events	Tax event or reduction in the amount payable by the Borrower in respect of the Issuer Assets ⁽¹⁾
Final Maturity Date	22 May 2023
Form of the Notes	Global note in registered form ⁽²⁾

⁽¹⁾ See Condition 6(c) (*Optional Redemption for Tax or Other Reasons*) for further details.

⁽²⁾ Notes in definitive form will be issued in limited circumstances.

Application for Listing	Ireland
ISIN	XS1288858977
Common Code	1288858977
Clearance/Settlement	Euroclear / Clearstream, Luxembourg
Minimum Denomination	£1,000,000 with integral multiples of £1,000 in excess thereof.
Commission	nil
Ranking	The Notes constitute direct, limited recourse and secured obligations of the Issuer and the Notes will rank <i>pro rata</i> and <i>pari passu</i> without any preference or priority among themselves as to payments of interest and principal at all times.
Form	The Notes will be represented by a global note in registered form (a " Global Note ") without coupons or talons attached and which will represent the aggregate Principal Amount Outstanding of the Notes. On the Closing Date, the Global Note will be deposited on behalf of the subscribers of the Notes with and registered in the name of a nominee for the common depositary (the " Common Depositary ") for Clearstream Banking, société anonyme (" Clearstream, Luxembourg ") and Euroclear Bank S.A./N.V. (" Euroclear "). The Global Note will be exchangeable for notes in registered definitive form (" Definitive Notes ") of the Notes only in certain limited circumstances.
Security	<p>The Notes are secured by the Issuer Security in favour of the Issuer Security Trustee for itself and on trust for the Noteholders and the Issuer Related Parties (the Issuer Security Trustee and all of the Issuer Related Parties and, including the Noteholders, being collectively the "Issuer Secured Creditors") as set out in the Deed of Charge and Assignment described in Condition 3(b) (<i>Security and Priority of Payments</i>). The security granted by the Issuer includes:</p> <ul style="list-style-type: none"> (a) a first fixed charge over the Issuer's rights, title, interest and benefit, present and future in, to and under the Loan and the Related Security; (b) an assignment by way of first-ranking security of the Issuer's rights, title, interest and benefit, present and future, in, to and under, among other things, the Issuer Transaction Documents (other than the Issuer Corporate Services Agreement), all other contracts, agreements, deeds and documents present and future, to which the Issuer is or may become a party or have the benefit, including all reports, valuations and opinions (other than any Issuer Security Document); (c) a first fixed charge over the Issuer's rights, title, interest and benefit, present and future in, to and under the Issuer Transaction Account and any other bank account in England and Wales and in which the Issuer may at any time acquire any right, title, interest or benefit or otherwise place and hold its cash, and in the funds from time to time standing to the credit of such accounts and in the debts represented thereby excluding the amounts recorded in the Issuer Profit Account; and (d) a first-ranking floating charge governed by English law over the whole of the undertaking and assets of the Issuer, present and future (other than the fixed charges and assignments set out in paragraphs (a) to (c) above) (but excluding the Irish Excluded Assets).

Some of the other Issuer Secured Creditors rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the Post-Enforcement Priority of Payments.

Interest Provisions

Interest on the Notes will be payable quarterly in arrear in sterling on the second Business Day immediately following each Loan Interest Payment Date occurring up to (and including) the Final Maturity Date (or, if such day is not a Business Day, the next following Business Day unless such Business Day falls in the next following calendar month, in which event, the immediately preceding Business Day) (each such day being, a "**Distribution Date**"). The first Distribution Date will be the Distribution Date falling in November 2015.

"Loan Interest Payment Date" means, in relation to the Whole Loan, 20 February, May, August and November in each year occurring up to (and including) the Maturity Date (or, if any such day is not a Business Day, the next following Business Day unless such Business Day falls in the next following calendar month, in which event, the immediately preceding Business Day).

Interest on the Notes is payable by reference to successive interest periods (each, an "**Interest Period**") which shall correspond to each successive Loan Interest Period. The first Interest Period will commence on the Closing Date and end on the Loan Interest Payment Date in November 2015. Each successive Interest Period will start on the day after the last day of the immediately preceding Loan Interest Period for the Whole Loan and end on the next Loan Interest Payment Date except that, where an Interest Period would overrun the Expected Maturity Date or the Final Maturity Date, that Interest Period shall be shortened so that it ends on the Expected Maturity Date or the Final Maturity Date, as the case may be.

The rate of interest applicable to each Note for each Interest Period will be calculated and set on, in respect of the first Interest Period, the Closing Date and, in respect of all subsequent Interest Periods, the first day of each such Interest Period (each, an "**Interest Rate Determination Date**").

The interest rate applicable to the Notes from time to time will be LIBOR for three-month sterling deposits (or, in the case of the first Interest Period, LIBOR is the arithmetic mean of a linear interpolation of one-month and three-month LIBOR deposits), plus the Margin and shall be determined by the Agent Bank. The LIBOR component of the interest rate will be equal to the Whole Loan rate of LIBOR determined under the Senior Facility Agreement. The Facility Agent shall notify the Agent Bank of the then applicable Whole Loan rate of LIBOR. The "**Margin**" in respect of the Notes will be 1.70 per cent. per annum.

If the current Whole Loan rate of LIBOR is not notified to the Agent Bank, the Agent Bank shall determine the LIBOR component of the Rate of Interest in accordance with Condition 5(c) (*Rate of Interest*).

Default Interest

Any payments of Default Interest received by the Issuer corresponding to its interest in the Loan shall be allocated by the Cash Manager on the immediately following Distribution Date to the Notes and paid pursuant to Condition 5(d) (*Default Interest*) and in accordance with the applicable Issuer Priority of Payments.

"Default Interest" means, with respect to any amount an Obligor has failed to pay under the Finance Documents, the interest accrued and payable by an Obligor to the Facility Agent on any such overdue amount as calculated in accordance with the default interest provisions of the Senior Facility Agreement.

Gross-up

None of the Issuer or any Paying Agent will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of taxes. See section entitled "*RISK FACTORS – C. LEGAL AND REGULATORY REQUIREMENTS – Withholding Tax under the Notes*".

Redemption

Unless previously redeemed in full, the Notes are expected to mature on the Distribution Date falling on 21 May 2020 (the "**Expected Maturity Date**"), and the Notes will, in any event, mature no later than the Distribution Date falling on 22 May 2023 (the "**Final Maturity Date**"). Before the Expected Maturity Date and the Final Maturity Date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 6 (*Redemption and Cancellation*) of the terms and conditions of the Notes (the "**Conditions**").

The Notes may be redeemed in whole or in part (as applicable) in connection with the following optional or mandatory redemption events:

- a final redemption in whole at their Principal Amount Outstanding together with accrued interest on the Final Maturity Date, being the Distribution Date falling on 22 May 2023 as more fully described in Condition 6 (*Redemption and Cancellation*);
- mandatory early redemption in full or, as the case may be, in part on each Distribution Date, or on an Intra-Loan Interest Payment Date, as applicable, by applying an amount equal to any Principal Receipts to redeem the Notes as fully described in Condition 6(b) (*Mandatory Redemption from Principal Receipts*); and
- optional redemption in full exercisable by the Issuer on the Distribution Date on which the Issuer satisfies the Note Trustee: (A) that by virtue of a change in tax law from that in effect on the Closing Date, on the next Distribution Date the Issuer will be obliged to make any withholding or deduction from payments of principal or interest in respect of the Notes on account of any present or future taxes; or (B) that any amount payable by the Borrower in respect of the Issuer Assets is reduced or ceases to be receivable by the Issuer during the Interest Period preceding the next Distribution Date; as fully described in Condition 6(c) (*Optional Redemption for Tax or other Reasons*)

Note Events of Default

As fully set out in Condition 10 (*Note Events of Default*) which broadly includes (where relevant, subject to the applicable grace period):

- non-payment of interest when due for a period of five days and/or non-payment of principal when due for a period of three days in respect of the Notes;
- default in the performance or observance of any other obligation binding upon the Issuer, under the Notes or under the Issuer Transaction Documents;
- the Issuer ceases to carry on business or a substantial part of its business or is deemed unable to pay its debts as and when they fall due;
- an order is made or an effective resolution is passed for the winding-up of the Issuer; or
- proceedings are initiated against the Issuer under any applicable liquidation, insolvency, examinership, composition, reorganisation or other similar laws.

Limited Recourse	The Notes are limited recourse obligations of the Issuer, and, if not repaid in full following the Final Maturity Date, or realisation or enforcement of all of the Issuer Security, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 3(b) (<i>Security and Priority of Payments</i>).	
Non-Petition	<p>The Noteholders will not be entitled to take any steps (otherwise than in accordance with the Note Trust Deed and the Conditions):</p> <ul style="list-style-type: none"> • to enforce the Issuer Security other than when expressly permitted to do so under Condition 10 (<i>Note Events of Default</i>); • to take or join in any steps against the Issuer to obtain payment of any amount due from the Issuer to it; • to initiate or join in initiating any insolvency, examinership or moratorium proceedings in relation to the Issuer; or • to take any steps which would result in any of the Issuer Priority of Payments not being observed. 	
Governing Law	English law.	
Noteholder Obligations	Reporting	<p>Each purchaser, beneficial owner and subsequent transferee of Notes or interest therein, by acceptance of such Notes or such an interest in such Notes, agrees or is deemed to agree (A) that it will (1) be required to agree to provide the Issuer and Note Trustee and their agents and delegates (i) any information as is necessary (in the sole determination of the Issuer or its agents and delegates, as applicable) for the Issuer or its agents and delegates to determine whether such purchaser, beneficial owner or transferee is (x) either a specified United States person as defined in Section 1473(3) of the Code ("specified United States person"), (y) a United States owned foreign entity as defined in Section 1471(d)(3) of the Code or a non-US entity with one or more controlling persons, as that term is defined in the intergovernmental agreement between Ireland and the United States signed on January 23, 2013 (the "US-Irish IGA"), that is a specified United States person ("United States owned foreign entity") and (ii) any additional information that the Issuer or its agent requests in connection with FATCA and (2) if it is a specified United States person or a United States owned foreign entity that is a holder or beneficial owner of Notes or an interest therein, be required to (x) provide the Issuer and Note Trustee and their agents and delegates its name, address, U.S. taxpayer identification number and, if it is a United States owned foreign entity, the name, address and taxpayer identification number of each of its substantial United States owners as defined in Section 1473(2) of the Code ("substantial United States owner") or controlling persons that are specified United States persons as that term is defined in the US-Irish IGA ("controlling United States persons") and any other information requested by the Issuer or its agent upon request and (y) update any such information provided in clause (x) promptly upon learning that any such information previously provided has become obsolete or incorrect or is otherwise required (the foregoing agreements, the "Noteholder Reporting Obligations"), (B) that each purchaser and subsequent transferee of Notes will be required or deemed to acknowledge that the Issuer and/or the Trustee may (1) provide such information and any other information concerning its investment in the Notes to the U.S. Internal Revenue Service and any other relevant tax authority, and (2) take such other steps as they deem necessary or helpful to achieve compliance with FATCA, including withholding on "passthru payments" (as defined in the Code).</p> <p>"FATCA" means (a) sections 1471 to 1474 of the United States Internal</p>

Revenue Code of 1986, as amended (the "Code") or any associated regulations or other official guidance; (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, including the US-Irish IGA, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

Rights of Noteholders and Relationship with Other Secured Creditors

Please refer to sections entitled "*TERMS AND CONDITIONS OF THE NOTES*" for further details in respect of the rights of Noteholders, conditions for exercising such rights and relationship with other Issuer Secured Creditors.

Principal Amount Outstanding	The " Principal Amount Outstanding " of a Note on any date will be its face amount less the aggregate amount of all principal repayments or prepayments made in respect of that Note since the Closing Date.
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Noteholders Meeting Provisions

	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice Period:	10 days	5 days
Quorum:	Not less than 50.1 per cent. of the Principal Amount Outstanding of the Notes (other than a Basic Terms Modification, which requires not less than 75 per cent. of the Principal Amount Outstanding of the Notes).	Not less than 50.1 per cent. of the Principal Amount Outstanding of the Notes (other than a Basic Terms Modification, which requires not less than 75 per cent. of the Principal Amount Outstanding of the Notes).
Required Majority:	Not less than 75 per cent. of votes cast for matters requiring Extraordinary Resolution.	Not less than 75 per cent. of votes cast for matters requiring Extraordinary Resolution.
	Not less than 50.1 per cent. of votes cast for matters requiring Ordinary Resolution.	Not less than 50.1 per cent. of votes cast for matters requiring Ordinary Resolution.

Convening a meeting	The Issuer is obliged to convene a meeting if requested in writing by Noteholders representing not less than 10 per cent of the Principal Amount of Outstanding of the Notes.
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Written Resolutions	A resolution in writing by holders of not less than 75 per cent. in aggregate of the Principal Amount Outstanding of the Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders (a " Written Extraordinary Resolution "). A Written Extraordinary Resolution has the same effect as an Extraordinary Resolution.
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A resolution in writing by holders of not less than 50.1 per cent. in aggregate of the Principal Amount Outstanding of the Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders (a "**Written Ordinary Resolution**"). A Written Ordinary Resolution has the same effect as an Ordinary Resolution.

Basic Terms	Any Extraordinary Resolution passed by the holders of the Notes which would have the
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Modification	<p>effect of (i) modifying the date of maturity of the Notes; (ii) modifying any day for the payment of interest on the Notes; (iii) reducing the amount of principal or the rate of interest payable in respect of the Notes; (iv) modifying the method of calculating the amount payable or the date of payment in respect of any interest or principal in respect of the Notes; (v) modifying the definition of "Basic Terms Modification"; (vi) altering the currency of payment of the Notes referable thereto; or (vii) releasing any of the Issuer Security (or any part thereof) other than in accordance with the Issuer Transaction Documents will constitute a "Basic Terms Modification". A Basic Terms Modification may only be effected by an Extraordinary Resolution.</p>
Notes Held by a member of the Group or Investor Affiliate	<p>For the purposes of determining:</p> <ul style="list-style-type: none"> (a) the quorum at any meeting of Noteholders considering an Extraordinary Resolution or an Ordinary Resolution or the majority of votes cast at such meeting; (b) the holders of Notes for the purposes of giving any direction to the Note Trustee (or any other party); (c) the majorities required for any written resolutions, including the majority required for passing a Written Ordinary Resolution for the purpose of appointing a Noteholder Representative; (d) any discretion, power or authority (whether contained in any of the Issuer Transaction Documents or conferred on it by operation of law) which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders; (e) the determination by the Note Trustee whether any event or potential event is or would be materially prejudicial to the interests of the Noteholders; (f) the objection by Noteholders for the purpose of Negative Consent; or (g) the determination of how many and which Notes are for the time being outstanding in accordance with the Note Trust Deed, <p>any Notes held by (or in relation to which the exercise of the right to vote is directed or otherwise controlled by) (A) any member of the Group or (B) an Investor Affiliate (as defined in the Master Definitions and Construction Schedule (as defined below)), in each case, have no voting rights or any right to pass an Extraordinary Resolution or an Ordinary Resolution and will be treated as if the same were not outstanding and will not be counted in or towards any required quorum or majority.</p>
Negative Consent	<p>An Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default, the acceleration of the Notes or the enforcement of the Issuer Security) or Ordinary Resolution will be deemed to have been passed by the Noteholders if, within 15 days of a notice to such Noteholders which:</p> <ul style="list-style-type: none"> (a) contains the text of such Extraordinary Resolution or Ordinary Resolution; (b) invites such Noteholders to object to such Extraordinary Resolution or Ordinary Resolution; (c) details the manner in which objections to such Extraordinary Resolution or Ordinary Resolution should be made; and (d) is given to such Noteholders in accordance with the provisions of Condition 15 (<i>Notice to and Communication between Noteholders</i>) provided that any such notice will in all cases also be delivered through the systems of Bloomberg L.P. (or such other manner as may be approved in writing by the Note Trustee) by the

Issuer, the Note Trustee or the Cash Manager,

holders of 25 per cent. or more (in the case of an Extraordinary Resolution) or 50.1 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes have not informed the Note Trustee in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution. See Condition 12(b) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) for further details.

Negative Consent shall not apply to any Loan Level Matters.

**Matters
Requiring
Extraordinary
Resolution**

The matters that require an Extraordinary Resolution to be passed include, among other things:

- (a) any Basic Terms Modification; and
- (b) any modification of the Notes or the Note Trust Deed (including the Conditions) or the provisions of any of the other Issuer Transaction Documents.

**Matters
Requiring
Ordinary
Resolution**

The matters that require an Ordinary Resolution to be passed include the removal of the Note Trustee, the Issuer Security Trustee, the Cash Manager, the Operating Bank, the Agent Bank, the Principal Paying Agent, the Registrar or the Issuer Corporate Services Provider.

Note Trustee

The Note Trustee shall be bound to on-direct the Issuer to exercise the Issuer's rights in relation to Loan Level Matters in accordance with the instructions delivered to the Note Trustee from the Noteholder Representative. Following the delivery of a Note Acceleration Notice, the Note Trustee shall itself exercise the Issuer's rights to vote in relation to all Loan Level Matters in accordance with the directions of the Noteholder Representative. See Condition 16 (*Noteholder Representative*) for further details.

**Noteholder
Representative**

The Noteholder Representative will be the representative appointed by the Noteholders in respect of all Loan Level Matters in accordance with Condition 16 (*Noteholder Representative*).

The Noteholder Representative will be deemed to hold and have voting rights in respect of 100 per cent. of the aggregate voting rights, held and exercisable by the Issuer as a lender of record under the Senior Facility Agreement and the other Finance Documents and will have the right to direct the Note Trustee to on-direct the Issuer to vote in relation to all Loan Level Matters.

The Noteholder Representative shall have the right to either direct (a) the Note Trustee to on-direct the Issuer (prior to the delivery of a Note Acceleration Notice); or (b) the Note Trustee itself (following the delivery of a Note Acceleration Notice), in each case to exercise directly all of the Issuer's voting rights under the Senior Facility Agreement and the Finance Documents in relation to Loan Level Matters in accordance with the Conditions and the Issuer Transaction Documents.

The appointment of the Noteholder Representative shall not take effect until each of the Issuer Security Trustee, the Note Trustee, the Facility Agent and the Issuer have been notified by the Noteholder Representative in writing of its appointment (with a copy to the Cash Manager).

Should the Noteholders fail to appoint a Noteholder Representative (or a Noteholder Representative resigns or is terminated and is not replaced), the Noteholders will be deemed to have waived any rights they may have under the Conditions, including any rights to direct the Note Trustee to on-direct the Issuer with respect to any Loan Level Matters.

The right of a Noteholder to appoint, acting alone or with one or more Noteholders, a Noteholder Representative for the purpose of directing the Note Trustee to either on-direct the Issuer to exercise or to exercise directly, as the case may be, the Issuer's votes under the Finance Documents in respect of Loan Level Matters pursuant to the Conditions shall not extend to or be exercisable by:

- (a) any member of the Group;
- (b) any Investor Affiliate.

The Noteholder Representative must not at any time be a member of the Group or an Investor Affiliate.

Notices to the Noteholders

All notices to be given by the Issuer, the Cash Manager or the Note Trustee to Noteholders shall be given in the following manners:

- (a) for so long as the Notes are in global form, all notices shall be given:
 - (i) through the regulated information service maintained or recognised by the Irish Stock Exchange (and any notice containing material, non-public information) will be given in this manner; and
 - (ii) by delivery to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; and
 - (iii) by delivery to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes or such other medium for electronic display of data as may be approved in writing by the Note Trustee; or
- (b) if the Notes are in definitive form, through the regulated information service maintained or recognised by the Irish Stock Exchange (and any notice containing material, non-public information).

The Issuer will give notice to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*) of any additions to, deletions from or alterations to such methods from time to time.

Communications between Noteholders

As described in more details in Condition 12 (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*), the Cash Manager shall, on receipt of a request from a Verified Noteholder, post a notice on its investor reporting website requesting other Noteholders to contact such Verified Noteholder. Such notice shall contain no more than:

- (a) an invitation to other Noteholders to contact the Verified Noteholder;
- (b) the name of the Verified Noteholder and the address, phone number, website or email address at which the Verified Noteholder can be contacted;
- (c) the date(s) from, on or between which the Verified Noteholder may be so contacted; and
- (d) a request that a Noteholder wishing to be in contact with the Verified Noteholder confirm its holding in accordance with Condition 12(e) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) and confirm that it has not been disenfranchised pursuant to Condition 12(f) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination*

of Issuer Related Parties).

Source of Funds The repayment or prepayment of principal and the payment of interest by the Borrower in respect of the Loan will provide the principal source of funds for the Issuer to make payments of interest on and repayments of principal in respect of the Notes.

Funds Paid into the Issuer Transaction Account:

On each Loan Interest Payment Date, the Facility Agent will transfer from the relevant Debt Service Account or any other relevant Obligor bank account to the Issuer Transaction Account an amount equal to the aggregate amounts in respect of interest, principal, fees and other amounts, if any, then payable under the Senior Facility Agreement which the Issuer, as a lender, is entitled to receive.

Revenue Receipts:

“Revenue Receipts” means the Issuer's interest in the income receipts which comprise, on any day, the sum of all amounts of whatever nature received or recovered by or on behalf of the Issuer under or in connection with the Loan (other than Principal Receipts), and standing to the credit of the Issuer Transaction Account, including, without limitation all amounts received or recovered by or on behalf of the Issuer in respect of:

- (a) interest payments received under the Loan;
- (b) any Default Interest;
- (c) Break Costs received under the Loan;
- (d) any prepayment fees received under the Loan;
- (e) any costs, expenses, commissions and other sums, in each case paid by the Borrower or any of the Obligors in respect of the Loan or the Related Security (other than any repayments in respect of principal); and
- (f) interest on amounts standing to the credit of the Issuer Transaction Account and any cash deposits held in a bank account of the Issuer received during the Interest Period immediately preceding a Determination Date,

provided that all amounts recorded in the Issuer Profit Account shall not form part of Revenue Receipts or be applied in accordance with the applicable Issuer Priority of Payments.

Principal Receipts:

“Principal Receipts” means the Issuer's principal receipts comprising on any day, all payments and repayments of principal received or recovered by or on behalf of the Issuer in connection with the Loan, and standing to the credit of the Issuer Transaction Account, including, without limitation all amounts received or recovered by or on behalf of the Issuer in respect of:

- (a) amounts recovered which are applied towards the reduction of outstanding principal as a result of actions taken in accordance with the enforcement procedures in respect of the Loan and/or the Related Security;
- (b) any mandatory prepayment amounts of a principal nature as a result of: illegality, mandatory prepayment from insurance proceeds or recovery claims, disposals, expropriation proceeds, change of control, a cash trap event or a cure payment or, replacement or repayment and cancellation in relation to a single lender or the occurrence of any other mandatory prepayment event following which amounts are allocated towards the prepayment of principal on the Loan, subject to, in each

case, the conditions set out in the Senior Facility Agreement;

- (c) payments received by or on behalf of the Issuer as a result of an indemnity payment from or the repurchase of the Loan by the Sellers pursuant to the Loan Sale Agreement which, in each case, do not constitute Revenue Receipts;
- (d) voluntary repayments or prepayments in respect of the principal outstanding under the Loan made on notice in accordance with the Senior Facility Agreement; and
- (e) any repayments or prepayments made by or on behalf of the Borrower in connection with a restructuring of the Senior Facility Agreement or as a condition to any waiver of an Event of Default under the Senior Facility Agreement,

provided that all amounts recorded in the Issuer Profit Account shall not form part of the Principal Receipts, or be applied in accordance with the applicable Issuer Priority of Payments.

Distribution of Revenue and Principal Receipts

Revenue and Principal Distributions:

On each Distribution Date, the Notes will be subject to a mandatory redemption in full or in part, as the case may be, in an amount up to the sum of the Principal Receipts available to pay principal subject to the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

<i>Pre-Enforcement Revenue Priority of Payments</i>	<i>Pre-Enforcement Principal Priority of Payments</i>	<i>Post-Enforcement Priority of Payments</i>
(a) <i>First</i> , on a <i>pro rata</i> and <i>pari passu</i> basis, fees and expenses and any other amounts owing to the Note Trustee, Issuer Security Trustee, and any Appointee;	(a) in or towards satisfaction on a <i>pro rata</i> and <i>pari passu</i> basis, of all principal due or overdue in respect of the Notes until the Notes have been repaid in full.	(a) <i>First</i> , on a <i>pro rata</i> and <i>pari passu</i> basis, fees and expenses and any other amounts owing to the Note Trustee, Issuer Security Trustee, and any Appointee;
(b) <i>Second</i> , on a <i>pro rata</i> and <i>pari passu</i> basis, third party fees and expenses due and payable by the Issuer including a provision for expected amounts including, but not limited to auditors, tax advisors, legal counsel, tax and anticipated winding up costs of the Issuer, fees incurred for listing on the stock exchange and company secretarial expenses and to pay the Issuer Profit Amount to the Issuer Profit Account;		(b) <i>Second</i> , on a <i>pro rata</i> and <i>pari passu</i> basis, third party fees and expenses due and payable by the Issuer including a provision for expected amounts including, but not limited to auditors, tax advisors, legal counsel, tax and anticipated winding up costs of the Issuer, fees incurred for listing on the stock exchange and company secretarial expenses;
(c) <i>Third</i> , on a <i>pro rata</i> and <i>pari passu</i> basis, amounts due and payable to (i) Issuer Corporate Services Provider (including the fees, costs and expenses of the directors of the Issuer,		(c) <i>Third</i> , on a <i>pro rata</i> and <i>pari passu</i> basis, amounts due and payable to (i) Issuer Corporate Services Provider (including the fees, costs and expenses of the directors of the Issuer, and any advisors

and any advisors appointed by them, if any); (ii) Operating Bank; (iii) Cash Manager; and (iv) Agents;

(d) *Fourth*, in or towards satisfaction on a *pro rata* and *pari passu* basis, of any Note Prepayment Fees due or overdue in respect of the Notes;

(e) *Fifth*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of (i) interest due and overdue on the Notes, and (ii) on a *pro rata* and *pari passu* basis (only on the first Distribution Date falling in November 2015) the Accrued Interest Payments to the Sellers in accordance with the Sellers' shares set out in the Loan Sale Agreement;

(f) *Sixth*, in or towards satisfaction on a *pro rata* and *pari passu* basis, of Default Interest due or overdue in respect of the Notes; and

(g) *Seventh*, on a *pro rata* and *pari passu* basis, the surplus (if any) to the Sellers as Stripped Interest Payments in accordance with the Sellers' shares set out in the Loan Sale Agreement.

appointed by them, if any); (ii) Operating Bank; (iii) Cash Manager; and (iv) Agents;

(d) *Fourth*, in or towards satisfaction on a *pro rata* and *pari passu* basis, of any Note Prepayment Fees due or overdue in respect of the Notes;

(e) *Fifth*, in or towards satisfaction on a *pro rata* and *pari passu* basis, of all interest and Default Interest due or overdue in respect of the Notes;

(f) *Sixth*, in or towards satisfaction on a *pro rata* and *pari passu* basis, of principal due or overdue in respect of the Notes; and

(g) *Seventh*, on a *pro rata* and *pari passu* basis, the surplus (if any), to the Sellers as Stripped Interest Payments in accordance with the Sellers' shares set out in the Loan Sale Agreement.

General Credit Structure

No structure credit support will be provided for the Notes. In connection with the Whole Loan, a loan to value ratio is required to be maintained by the Borrower in accordance with the Senior Facility Agreement. See the section entitled "*THE LOAN AND THE RELATED SECURITY – Financial Covenants*".

RISK FACTORS

An investment in the Notes involves a degree of risk. This section sets out certain aspects of the Issuer Transaction Documents, the Finance Documents, the Issuer, the Obligors and the Properties of which prospective Noteholders should be aware. Prospective Noteholders should carefully consider the following risk factors and the other information contained in this Offering Circular before making an investment decision.

The occurrence of any of the events described below could have a material adverse impact on the business, financial condition or results of operations of the Issuer and/or the Obligors and could lead to, among other things:

- (a) an event of default under the Whole Loan pursuant to the Senior Facility Agreement; and/or
- (b) a Note Event of Default; and/or
- (c) an inability of the Issuer to repay all amounts due in respect of the Notes.

This section of this Offering Circular is not intended to be exhaustive, and prospective Noteholders should also read the detailed information set out elsewhere in this Offering Circular prior to making any investment decision. The risks described below are not the only ones faced by the Obligors or the Issuer. Additional risks not presently known to the Issuer or that the Issuer currently believes to be immaterial may also adversely affect the Issuer and/or the Obligors' business (as the case may be). If any of the following risks occur, the Issuer, the Obligors or the Properties could be materially adversely affected. In any such case(s), the value of the Notes could decline, and the Issuer may not be able to pay all or part of the interest, principal or other amounts due on the Notes and investors may lose all or part of their investment. Prospective Noteholders should take their own legal, financial, accounting, tax and other relevant advice as to the structure and viability of an investment in the Notes.

In addition, while the various structural elements described in this Offering Circular are intended to lessen some of the risks discussed below for the Noteholders, there can be no assurance that these measures will be sufficient to ensure that the Noteholders receive payment of interest or repayment of principal from the Issuer on a timely basis or at all.

A. THE NOTES

Risks relating to the limited recourse of the Issuer

On enforcement of the Issuer Security, in the event that the proceeds of such enforcement are insufficient to meet all amounts payable by the Issuer under the Notes (after payment of all other claims ranking higher in priority to or *pari passu* with amounts due under those Notes in accordance with the Post-Enforcement Priority of Payments), then the Noteholders will have no further claim against the Issuer in respect of such unpaid amounts. Accordingly, enforcement of the Deed of Charge and Assignment and appointment of a receiver over the secured assets is the only substantive remedy available for the purposes of recovering amounts owed in respect of the Notes.

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, the Arranger, the Joint Lead Managers, the Sellers, the Originator, the Security Agent, the Issuer Security Trustee, the Facility Agent, the Cash Manager, the Note Trustee, the Issuer Corporate Services Provider, the Paying Agents, the Registrar, the Common Depositary, the Operating Bank or any other Issuer Related Party or the shareholders of the Issuer or any company in the same group of companies as the Arranger, the Joint Lead Managers, the Originator, the Sellers, the Cash Manager, the Note Trustee, the Security Agent, the Issuer Security Trustee, the Issuer Corporate Services Provider, the Paying Agents, the Registrar, the Common Depositary, the Operating Bank or any other Issuer Related Party or the shareholders of the Issuer and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

Risks relating to the calculation of amounts and payments

The Cash Manager will rely on the Issuer or the Facility Agent to provide it with information on the basis of which it will make the determinations required to calculate payments due on the Notes on each Determination

Date as described in "*CASH MANAGEMENT – Calculation of Amounts and Payments*". If the Issuer or the Facility Agent fails to provide the relevant information to the Cash Manager, the Cash Manager may not be able to accurately determine amounts due to Noteholders on the related Distribution Date.

The Cash Management Agreement provides that if such a situation arises, the Cash Manager will make its determinations based on the information provided to it by the Issuer or the Facility Agent on the three preceding Determination Dates and will not be liable to any person (in the absence of gross negligence, fraud and wilful default) for the accuracy of such determinations. There can, however, be no assurance that determinations made on this basis will accurately reflect amounts then due to Noteholders.

The Conditions of the Notes provide that if, for whatever reason, an incorrect payment is made to any party entitled thereto (including the Noteholders) pursuant to the Pre-Enforcement Priority of Payments, the Cash Manager will rectify the same by increasing or reducing payments to such party (including the Noteholders), as appropriate, on each subsequent Distribution Date or Distribution Dates to the extent required to correct the same. Where such an adjustment is required to be made, the Cash Manager will notify Noteholders of the same in accordance with the terms of Condition 15 (*Notice to and Communication between Noteholders*).

Accordingly, Noteholders should be aware that in such situations increased or reduced payments may be made. Furthermore, if such adjustments are not sufficient to rectify an incorrect payment made to a party, the Noteholders may be required to repay excess amounts received by them.

Additionally, any person purchasing Notes from an existing Noteholder should make due enquiries as to whether such Noteholder has received an incorrect payment. None of the Issuer, the Cash Manager, the Agents, the Note Trustee or the Issuer Security Trustee will have any liability to any Noteholder for any losses suffered as a result of an adjustment relating to an incorrect payment made before such Noteholder acquired the Notes.

Considerations relating to yield and prepayments

The yield to maturity on the Notes will depend, in significant part, upon the rate and timing of principal payments on the Loan. For this purpose, principal prepayments include both voluntary prepayments, if permitted, and involuntary prepayments, such as prepayments resulting from illegality, certain change of control events, disposals or failure to meet certain financial covenants. Amounts received by the Issuer in connection with a repurchase upon a breach of a warranty by a Seller under the Loan Sale Agreement and any amounts provided by the Sellers to the Issuer thereunder as indemnity payments will also constitute principal for these purposes.

If any of the Notes are purchased at a premium, and if payments and other collections of principal on the Loan occur at a rate faster than anticipated at the time of the purchase, then the actual yield to maturity on those Notes may be lower than assumed at the time of the purchase. If any Notes are purchased at a discount, and if payments and other collections of principal on the Loan occur at a rate slower than anticipated at the time of the purchase, then the actual yield to maturity on the Notes may be lower than assumed at the time of the purchase. The investment performance of the Note may vary materially and adversely from expectations due to the rate of payments and other collections of principal on the Loan being faster or slower than anticipated. Accordingly, the actual yield may not be equal to the yield anticipated at the time the Note was purchased, and the expected total return on investment may not be realised.

An independent decision should be made by prospective Noteholders as to the appropriate prepayment assumptions to be used when deciding whether to purchase any Note.

Interest adjustments on account of Loan Prepayments

If under the Senior Facility Agreement the Borrower prepays all or part of the Whole Loan or any unpaid sums on an Intra-Loan Interest Payment Date, the Agent Bank will adjust the Rate of Interest on the Notes in accordance with Condition 5(g) (*Adjusted Interest on account of Loan payments*) the effect of which will be that the holders of those Notes will receive less than the full Interest Amount payable to them on the Business Day immediately following any such Intra-Loan Interest Payment Date. None of the Noteholders shall have any claim against the Issuer in respect of an interest shortfall arising from such adjustment. See Condition 5(g) (*Adjusted Interest on account of Loan payments*) for further details.

Effects of Borrower default

The rate and timing of delinquencies or defaults by tenants on the assets in the Portfolio will affect repayments under the Loan and consequentially, will affect the aggregate amount of distributions on the Notes, their yield to maturity, the rate of principal payments and their weighted average life.

The only source of payment for the Notes will be the Loan. Any losses on the Loan will be allocated to the holders of the Notes.

If anticipated yields are calculated based on assumed rates of default and losses that are lower than the default rate and losses actually experienced and such losses are allocable to the Notes, the actual yield to maturity will be lower than the assumed yield. Under certain extreme scenarios, such yield could be negative. In general, the earlier a loss borne by the Notes occurs, the greater the effect on the related yield to maturity.

Additionally, delinquencies and defaults on the Loan may significantly delay the receipt of distributions on the Notes.

Disenfranchisement of restricted lenders

Prospective Noteholders should be aware that the Conditions limit the rights exercisable by (1) any member of the Group that holds directly or indirectly any right to an interest in the Notes; or (2) any Investor Affiliate that holds directly or indirectly any right to or interest in the Notes, in each case, in relation to Loan Level Matters. See Condition 12(f) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) for further details.

To the extent that any prospective Noteholder is a member of the Group or an Investor Affiliate it should take note of the applicable voting restrictions relating to its holding of the relevant Notes.

Exercise of Loan Level Matters by the Noteholder Representative

The Noteholder Representative will act solely on behalf of the Noteholders.

Prior to the delivery of a Note Acceleration Notice, the Noteholder Representative will be entitled to direct the Note Trustee to on-direct the Issuer to vote in relation to Loan Level Matters. Following the delivery of a Note Acceleration Notice the Noteholder Representative will be entitled to direct the Note Trustee itself to vote in relation to Loan Level Matters.

There can be no assurance that in exercising a Loan Level Matter any direction given by the Noteholder Representative will not conflict with the direction that could have been given by a Noteholder or Noteholders. Accordingly, Noteholders should be aware that directions given by a Noteholder Representative in respect of Loan Level Matters may ultimately adversely affect their interests in the Notes.

If a Noteholder Representative is not appointed (or if a Noteholder Representative resigns or whose appointment is terminated and is not subsequently replaced), the Noteholders shall be deemed to have waived their rights under the Conditions, including any rights to direct the Note Trustee to on-direct the Issuer to vote in relation to any Loan Level Matter or to direct the Note Trustee itself to vote in with respect to any Loan Level Matter in accordance with the Conditions and the Issuer Transaction Documents. See Condition 16 (*Noteholder Representative*) for further details.

Further, Noteholders should be aware that Loan Level Matters may be voted on by all the lenders (and not just the Issuer) under the Whole Loan. Noteholders should also be aware that certain matters require the consent of all the lenders under the Whole Loan and other matters require the consent of the Majority Lenders (*see Transaction security enforcement* for more detail).

Risks relating to Noteholder meetings

A meeting of the Noteholders to pass an Ordinary Resolution or Extraordinary Resolution may be held on 10 days' notice. The requisite quorum for such meeting is one or more persons holding or representing not less than 50.1 per cent. of the Principal Amount Outstanding of the Notes except where a Basic Terms Modification is

proposed. The quorum for a meeting to pass a Basic Terms Modification requires not less than 75 per cent. of the Principal Amount Outstanding of the Notes.

Risks relating to Adjourned Noteholder meetings

An adjourned meeting of the Noteholders may be held on 5 days' notice. The requisite quorum for an adjourned meeting is one or more persons holding or representing not less than 50.1 per cent. of the Principal Amount Outstanding of the Notes except where a Basic Terms Modification is proposed. The quorum for an adjourned meeting where a Basic Terms Modification is proposed requires one or more persons holding or representing not less than 75 per cent. of the Principal Amount Outstanding of the Notes.

As a result of these requirements and also those described under "*Risks relating to Noteholder meetings*", it is possible that a valid Noteholder meeting may be held without the attendance of Noteholders who may have wished to attend and/or vote.

Risks relating to negative consent of Noteholders

An Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default, the acceleration of the Notes, or the enforcement of the Issuer Security) or an Ordinary Resolution may be passed by negative consent of the Noteholders. Negative Consent may not be used for Loan Level Matters.

If the negative consent process is used (other than for Loan Level Matters), an Extraordinary Resolution or an Ordinary Resolution, as applicable, will be deemed to have been passed by the Noteholders unless, within 15 days of the requisite notice being given by the Issuer, the Note Trustee or the Cash Manager to the Noteholders in accordance with the provisions of Condition 15 (*Notice to and Communication between Noteholders*) or in such other manner as may be approved in writing by the Note Trustee, (i) in the case of an Extraordinary Resolution, the holders of 25 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes or (ii) in the case of an Ordinary Resolution, the holders of 50.1 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes, have informed the Note Trustee in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution, as applicable. Therefore, it is possible that an Extraordinary Resolution could be deemed to be passed without any Noteholder casting a vote or even if holders of up to 24.99 per cent. in aggregate of the Principal Amount Outstanding of the Notes objected to it and it is possible that an Ordinary Resolution could be deemed to be passed without Noteholders casting a vote or even if holders of up to 50 per cent. in aggregate of the Principal Amount Outstanding of the Notes objected to it.

Libor

The London Inter-Bank Offering Rate ("**LIBOR**") has been subject to review and is currently subject to various investigations regarding whether the banks that contributed to the British Bankers' Association (the "**BBA**") in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR for their own benefit. As a result of the review work already undertaken and of the investigations described above, LIBOR is currently the subject of proposals for reform at a UK level and certain reforms have already been adopted, including the replacement of the BBA with the ICE Benchmark Administration Limited ("**IBA**") as the new administrator of LIBOR.

Investors should be aware that: (a) actions by the IBA as the new administrator of LIBOR, regulators or law-enforcement agencies may affect LIBOR (and/or the determinations thereof) in unknown ways, which could adversely affect the value of the Notes, (b) any uncertainty with respect to LIBOR (including in relation to the determination of the rate of interest payable on the Loan) may adversely affect liquidity of the Notes and their market value and (c) it is not possible to ascertain at this time whether any reforms to LIBOR would have the effect of a sudden or prolonged increase or decrease in LIBOR or whether such reforms could have an adverse impact on the value of the Notes and the payment of interest thereunder.

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

It is possible that, prior to the repayment in full of the Loan and the Notes, the United Kingdom may become a participating member state in the European Economic and Monetary Union and that the euro will become the lawful currency of the United Kingdom. In that event: (a) all amounts payable in respect of any Notes may

become payable in euro; (b) applicable provisions of law may allow or require the Issuer to re-denominate such Notes into euro and take additional measures in respect of such Notes; and (c) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in sterling used to determine the interest rate on the Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect the Noteholders. It cannot be said with certainty what effect the adoption of the euro by the United Kingdom (if it were to occur) would have on the Noteholders.

No liquidity facility or cash reserve

In contrast to many comparable transactions, the Issuer does not have the benefit of a liquidity facility or a cash reserve. Therefore, in the event that tenants of the Properties fail to pay rent after any applicable grace period that may result in a delay or failure to pay by the Borrower under the Senior Facility Agreement (or the other Obligors pursuant to the Senior Facility Agreement) and as a result, the Issuer may be unable to meet its payment obligations under the Notes as they fall due.

Absence of ratings

In contrast to many comparable transactions, the Notes will not be rated by any rating agency. This may reduce the number of potential investors in the Notes and may affect the price and/or liquidity of the Notes in the secondary market. Notwithstanding this, it is possible that credit rating agencies could seek to rate the Notes without having been requested to do so by the Issuer. Such unsolicited ratings could have an adverse effect on the value of the Notes.

Forward-looking statements

This Offering Circular includes statements that are, or may be deemed to be, forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risks and uncertainties include, but are not limited to, those described in this *"RISK FACTORS"* section of this Offering Circular. Such risks and uncertainties should not be construed as exhaustive and should be read in conjunction with the other cautionary statements in this Offering Circular.

The forward-looking statements are not guarantees of future performance and the actual results of operations, financial condition and liquidity, and the market in which the Issuer and the Obligors operate, may differ materially from those made in or suggested by the forward-looking statements set out in this Offering Circular. In addition, even if the results of operations, financial condition and liquidity of the Issuer and the Obligors, and the development of the market in which the Issuer and the Obligors operate, are consistent with the forward-looking statements set out in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods. Many factors could cause the Issuer's or the Obligors' actual results, performance or revenues to be materially different from any future results, performance or revenues that may be expressed or implied by such forward-looking statements including, but not limited to the other risks described in this section.

Any forward-looking statements which are made in this Offering Circular speak only on the date of such statements. Neither the Issuer nor the Obligors intend, and undertake no obligation, to revise or update the forward-looking statements included in this Offering Circular to reflect any future events or circumstances.

Absence of operating history of the Issuer; reliance on agents and other entities

The Issuer is a recently formed special purpose company whose business will consist solely of the issuance of the Notes, and the entering into and performance of its obligations under the Issuer Transaction Documents, the Finance Documents and related agreements and activities, as applicable. The Issuer has no operating history.

Certain of the business activities of the Issuer are to be carried out on behalf of the Issuer by entities appointed for such purpose. Neither the Issuer nor the Issuer Corporate Services Provider will have any role in determining or verifying the data received from Cash Manager, the Operating Bank, the Agent Bank, the Principal Paying Agent, the Registrar, the Note Trustee and the Issuer Security Trustee and any calculations derived therefrom.

B. THE MARKET AND ECONOMY

Absence of secondary market; limited liquidity

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its regulated market. However, if granted, there can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment, or that it will continue for the life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of such Notes. Lack of liquidity could result in a significant reduction in the market value of the Notes.

In addition, the market value of the Notes may fluctuate with changes in prevailing rates of interest and the performance of the Loan. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

The credit crisis and downturn in the real estate market has affected the value of securities backed by real estate

Past events in the real estate and securitisation markets, as well as the debt markets and the economy generally, have caused significant dislocations, illiquidity and volatility in the market for comparable securities, as well as in the wider global financial markets. Declining real estate values, coupled with diminished availability of leverage and/or refinancings for commercial real estate resulted in increased delinquencies and defaults on comparable loans. In addition, the related downturn in the general economy has affected the financial strength of many commercial real estate tenants and has resulted in increased rent delinquencies and increased vacancies. Another similar downturn may again lead to increased vacancies, decreased rents or other declines in income from, or the value of, commercial real estate, which would likely have an adverse effect on any notes that are backed by mortgage loans secured by such commercial real estate and thus affect the values of such notes. Any similar economic downturn may adversely affect the financial resources of the Borrower and may result in the inability of the Borrower to make principal and interest payments on, or refinance, the Loan when due. In the event of default by the Borrower under the Loan, the Issuer may suffer a partial or total loss with respect to the Loan. Any delinquency or loss on the related mortgaged properties would have an adverse effect on the distributions of principal and interest received by holders of the Notes.

In addition to credit factors directly affecting notes backed by commercial real estate, the potential fallout from a similar downturn in the residential mortgage-backed securities market and markets for other asset backed and structured products may also affect the market for notes backed by commercial real estate by contributing to a decline in the market value and liquidity of such investments. The deterioration of other structured products markets may adversely affect the value of notes backed by commercial real estate. Even if notes backed by commercial real estate are performing as anticipated, the value of such notes in the secondary market may nevertheless decline as a result of deterioration in general market conditions or in the market for other asset backed or structured products or the market value for such notes may be adversely affected by market perceptions of notes backed by commercial real estate more generally.

The effects of a volatile economy and a repeat of the credit crisis era market conditions may increase loan defaults and affect the value and liquidity of your investment

The global economy experienced a significant recession and many economies continue to experience on-going volatility as a result of the credit crisis and European Sovereign debt crises. Disruption in the credit markets, including the general absence of investor demand for and purchases of asset-backed securities and structured financial products may re-emerge. Downward price pressures and increasing defaults and foreclosures in residential real estate or other conditions that severely depressed the overall economy and contributed to the credit crisis also led to increased vacancies, decreased rents or other declines in income from, or the value of, commercial real estate. Additionally, the reduction in credit liquidity, decreases in the value of commercial properties and, in some instances, correspondingly higher lending rates prevented many commercial real estate borrowers from refinancing their loans. These circumstances increased delinquency and default rates of commercial real estate loans. In addition, the declines in commercial real estate values resulted in reduced borrower equity, hindering the ability of borrowers to refinance. Higher loan-to-value ratios also resulted in lower recoveries on foreclosure, and an increase in loss severities above those that would have been realised had commercial property values remained the same or continued to increase. Defaults, delinquencies and losses further decreased property values, thereby resulting in additional defaults by commercial real estate borrowers,

further credit constraints, further declines in property values and further adverse effects on the perception of the value of notes backed by commercial real estate.

Many commercial real estate loan lenders tightened their loan underwriting standards, which has reduced the availability of mortgage credit to prospective borrowers. These developments contributed to a weakening in the commercial real estate market as these adjustments have, among other things, inhibited refinancing and reduced the number of potential buyers of commercial real estate. The continued use or further adjustment of these loan underwriting standards may contribute to further increases in delinquencies and losses on commercial real estate loans generally.

The global markets have seen an increase in volatility due to uncertainty surrounding the level and sustainability of sovereign debt of certain countries in the euro area, including Greece, Cyprus, Spain, France, Portugal, Ireland and Italy. There can be no assurance that this uncertainty will not lead to further disruption of the credit markets in Europe. In addition, recently-enacted (and future) financial reform legislation in Europe could adversely affect the availability of credit for commercial real estate.

As a result of the credit crisis in Europe, the European Commission created the European Financial Stability Facility (the "EFSF") and the European Financial Stability Mechanism (the "EFSM") to provide funding to Eurozone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Eurozone countries to establish a permanent stability mechanism, the European Stability Mechanism, which was activated by mutual agreement, to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries after June 2013.

Despite these measures, concerns persist regarding the growing risk that other Eurozone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Greece, Cyprus, Spain, Portugal, Ireland and Italy, together with the risk that some countries could leave the Eurozone (either voluntarily or involuntarily), and that the impact of these events on Europe and the global financial system could be severe which could have a negative impact on the collateral.

Furthermore, concerns that the Eurozone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Eurozone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. In particular the economic environment in Greece remains uncertain. Further deterioration of the Greek economy or increased social tensions could cause political instability or a revision of fiscal consolidation or structural adjustment policies especially in light of the newly elected Greek government. These factors have heightened concern about Greece's continued participation in the Eurozone. The departure or risk of departure from the Euro by one or more Eurozone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Issuer and the Notes. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes. It is difficult to predict the final outcome of the Eurozone crisis. Investors should carefully consider how changes to the Eurozone may affect their investment in the Notes.

Investors should consider that general conditions in the commercial real estate and mortgage markets may adversely affect the performance of the Loan and accordingly the performance of the Notes. In addition, in connection with all the circumstances described above, you should be aware in particular that:

- (a) notwithstanding that the Whole Loan was fully advanced on 17 April 2015 (and the Properties were valued within the past 12 months prior to the Closing Date), the value of any of the Properties may have declined since the related Loan was originated and may decline following the issuance of the Notes and such declines may be substantial and occur in a relatively short period following the issuance of the Notes; and such declines may or may not occur for reasons largely unrelated to the circumstances of the relevant Properties;
- (b) if a Noteholder determines to sell its Notes, it may be unable to do so or may be able to do so only at a substantial discount from the price originally paid; this may be the case for reasons unrelated to the then current performance of the Notes or the related Loan; and this may be the case within a relatively short period following the issuance of the Notes;
- (c) if the Loan defaults, then the return on the Notes may be substantially reduced notwithstanding that liquidation proceeds may be sufficient to result in the repayment of the principal of and accrued interest on the Notes; an earlier than anticipated repayment of principal (even in the absence of losses) in the

event of a default in advance of the maturity date would tend to shorten the weighted average period during which interest is earned on Noteholder's investments; and a later than anticipated repayment of principal (even in the absence of losses) in the event of a default upon the maturity date would tend to delay the receipt of principal and the interest on the Notes may be insufficient to compensate Noteholders for that delay;

- (d) even if liquidation proceeds received on the Loan are sufficient to cover the principal and accrued interest on the same, the Issuer may experience losses in the form of fees and expenses, and Noteholders may bear losses as a result, and their yield will be adversely affected by such losses;
- (e) the time periods to resolve the Loan following the occurrence of a default may be long, and those periods may be further extended because of a Borrower insolvency and related litigation; and
- (f) even if Noteholders intend to hold their Notes, depending on the circumstances of particular Noteholders, Noteholders may be required to report declines in the value of their holdings in the Notes, and/or record losses, on their financial statements or regulatory or supervisory reports, and/or repay or post additional collateral for any secured financing, hedging arrangements or other financial transactions that they have entered into that are backed by or make reference to the Notes, in each case as if the Notes were to be sold immediately.

In connection with all the circumstances described above, the risks described elsewhere under "*RISK FACTORS*" in this Offering Circular are heightened substantially, and Noteholders should review and carefully consider such risk factors in light of such circumstances.

C. LEGAL AND REGULATORY REQUIREMENTS

Noteholders should analyse their own regulatory position, and are encouraged to consult with their own investment and legal advisors, regarding due diligence requirements outlined in this risk factor in respect of other applicable regulations and the suitability of the offered Notes for investment.

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Issuer Security Trustee, the Note Trustee, the Agents, the Joint Lead Managers, the Originator, the Arranger or the Sellers makes any representation to any prospective Noteholder or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

In particular, investors should be aware of the EU risk retention and due diligence regulatory requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Such regulation includes Article 405 of the CRR. Article 405 provides that an EU credit institution shall only be exposed to a credit risk of a securitisation position if (a) the originator, sponsor or original lender has represented that it will retain on an on-going basis, a material net economic interest in the securitisation of not less than 5 per cent. and (b) it is able to demonstrate to its regulator on an on-going basis that it has a comprehensive and thorough understanding of the key terms, risks and performance of each securitisation position which it is invested. Failure by an EU credit institution investor to comply with the requirements of Article 405 in relation to any applicable investment will result in an increased capital charge to or increased risk-weighting applying to such investor in respect of that investment.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear. No retention representation of the sort referred to in the preceding paragraph has been made in relation to this transaction. The Issuer has considered the applicability of Article 405 to this transaction and is of the opinion that the Notes do not constitute an exposure to a "securitisation position" for the purposes of Article

405. The Issuer is, therefore, of the opinion that the requirements of Article 405 should not apply to investments in the Notes.

However, investors should be aware that the regulatory capital treatment of any investment in the Notes will be determined by the interpretation which an investor's regulator places on the provisions of the CRR and the provisions of national law which implement it. Prospective Noteholders should therefore be aware that should the relevant investor's regulator interpret the regulations such that Article 405 does apply to an investment in the Notes, significantly higher capital charges may be applied to that investor's holding. Although market participants have, in consultations relating to these regulatory reforms, requested guidance on the structures captured by the definitions, no definitive guidance has been forthcoming. Therefore, some uncertainty remains as to which transactions are subject to Article 405.

Investors in the Notes are responsible for analysing their own regulatory position and independently assessing and determining whether or not Article 405 will be applied to their exposure to the Notes and therefore prospective Noteholders should not rely on the Issuer's interpretation set out above. Further none of the Arranger, Joint Lead Managers or the Sellers makes any representation in respect of the application of Article 405 to any investment in the Notes. Investors should consult their regulator should they require guidance in relation to the regulatory capital treatment that their regulator would apply to an investment in the Notes. Article 405 and/or any further changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Furthermore, investors should also be aware of Article 17 of the European Union Alternative Fund Managers Directive (Directive 2011/61/EU) ("**AIFMD**"), as supplemented by Section 5 of Chapter III of the AIFM Regulation which took effect on 22 July 2013. The provisions of Section 5 of Chapter III of the AIFM Regulation provide for risk retention and due diligence requirements in respect of alternative investment fund managers that are required to become authorised under the AIFMD and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. While such requirements are similar to those which apply under Part 5 of the CRR, they are not identical and, in particular, additional due diligence obligations apply to the relevant alternative investment fund managers.

Similar requirements are also scheduled to apply in the future to investment in securitisations by EEA insurance and reinsurance undertakings and by EEA undertakings for collective investment in transferable securities. The requirements applicable to insurance and reinsurance companies are set out in Articles 254-257 of a Commission Delegated Regulation which has been adopted by the European Commission pursuant to Article 135(2) of EU Directive 2009/138/EC, as amended (known as the Solvency II Directive) (the "**Solvency II Directive**"), and will apply from and after 1 January 2016. Such pending or future requirements, when they come into force, may apply to investments in securities already issued, including the Notes.

The transaction described in this Offering Circular is not intended to comply with any of the risk retention requirements described above.

No party to the transaction has committed to retain a material net economic interest in the transaction in accordance with the aforementioned requirements.

Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or the liquidity associated with a holding of the Notes for certain investors

The Basel Committee on Banking Supervision approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as Basel III).

In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the liquidity coverage ratio and the net stable funding ratio).

It is intended that member countries will implement the new capital standards and the new liquidity coverage ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the net stable funding ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction

may be subject to some level of national variation. The Basel Committee has also published a consultative document setting out certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 15 per cent.

Implementation of the Basel III framework and any changes as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the existing Basel framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Emerging requirements of the European Community

As part of the harmonisation of securities markets in Europe, the European Commission adopted the Prospectus Directive. The European Commission also adopted a directive known as the Transparency Directive 2004/109/EC (the "**Transparency Directive**") (which was required to be implemented by Member States by 20 January 2007) that, among other things, imposes continuing financial reporting obligations on issuers that have certain types of securities admitted to trading on an EU regulated market. In addition, the Market Abuse Directive 2003/6/EC (the "**Market Abuse Directive**") harmonises the rules on insider trading and market manipulation in respect of securities admitted to trading on an EU regulated market and requires issuers of such securities to disclose any non-public, price-sensitive information as soon as possible, subject to certain limited exemptions. The listing of Notes on the Official List of the Irish Stock Exchange and the admission of the Notes to trading on the regulated market of the Irish Stock Exchange would subject the Issuer to regulation under these directives. The Note Trust Deed will not require the Issuer to maintain a listing for Notes on an EU stock exchange if compliance with these directives (or other requirements adopted by the European Commission or a relevant Member State) is agreed by the Note Trustee to be unduly onerous.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the ***EU Savings Directive***), certain Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or other similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above (the ***Amending Directive***). Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. The EU Savings Directive will also apply a "look through approach" to payments made via certain persons, entities or legal arrangements (including trusts and partnerships), where certain conditions are satisfied, where an individual resident in a Member State is regarded as the beneficial owner of the payment for the purposes of the EU Savings Directive. This approach may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is instead required (unless during such period it elects otherwise) to operate a withholding tax in relation to such payments. Luxembourg, which before 1 January 2015 also operated a withholding tax under the transitional rules, has now replaced such withholding tax with the information reporting regime described above. The transitional period will end after agreement on exchange of information is reached between the EU and certain non-EU states. A number of non-EU countries and territories (including Switzerland) have adopted equivalent measures (a withholding system in the case of Switzerland).

However, the European Commission has proposed the repeal of the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under

Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

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

Withholding Tax under the Notes

In the event that any withholding or deduction for or on account of tax is required to be made from payments due under the Notes (including in circumstances where a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment), neither the Issuer nor any Paying Agent nor any other person will be required to make any additional payments to Noteholders, or to otherwise compensate Noteholders for the reduction in the amounts that they will receive as a result of such withholding or deduction. If such a withholding or deduction is required to be made, the Issuer will have the option (but no obligation) to redeem all outstanding Notes in full at their Principal Amount Outstanding (together with accrued interest). (See "*TERMS AND CONDITIONS OF THE NOTES*").

At the date of this Offering Circular, no withholding or deduction for or on account of United Kingdom tax will be required on interest payments to any holders of the Notes, provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange for these purposes. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the main market of the Irish Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax. The applicability of any withholding or deduction for or on account of United Kingdom tax on payments of interest is discussed further under the section entitled "United Kingdom Taxation". Investors are referred to "*UNITED KINGDOM TAXATION*" more generally on withholding taxes and deductions.

Withholding tax under the Loan

It is intended that HM Revenue and Customs' double taxation treaty passport (*DTTP*) scheme will apply to the Loan so that payments of interest to the Issuer under the Loan can be made without any withholding or deduction for or on account of United Kingdom tax. For the DTTP scheme to apply to the Loan, the Issuer must hold a DTTP passport and the Borrower must notify HM Revenue and Customs using Form DTTP2 that the Issuer has a passport which it intends to use in respect of the Loan. The Issuer applied for a passport under the DTTP scheme on 1 September 2015. HM Revenue and Customs' guidance indicates that passport applications will be considered within 30 days. If a passport has not been issued to the Issuer, such that the Borrower is unable to submit a completed Form DTTP2, at least 30 days before the first Loan Interest Payment Date following completion of the Loan Sale Agreement, there is a risk that a direction from HM Revenue and Customs that the Borrower can pay interest to the Issuer under the Loan without any withholding or deduction will not be received by that Loan Interest Payment Date and the Borrower will therefore be required to withhold an amount on account of United Kingdom tax from the interest payable on that date. In that case, the amounts available to make the payment of interest due on the Notes on the Distribution Date falling in November 2015 would be reduced. The Issuer would be entitled to claim from HM Revenue and Customs a refund of any withheld amount in reliance on the double taxation treaty between the United Kingdom and Ireland and any amount recovered would be available to meet the Issuer's obligations in respect of the Notes.

Foreign Account Tax Compliance Act withholding may affect payments on the Notes

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the Code) impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States; (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime; and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. While the Notes are

in global form and held within the Clearing Systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the Clearing Systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It may also affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depository for the Clearing Systems (as registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the Clearing Systems and custodians or intermediaries. Prospective investors should refer to the section entitled "*FOREIGN ACCOUNT TAX COMPLIANCE ACT*".

The Issuer may be required to comply with FATCA reporting obligations

The Issuer may be subject to withholding tax under FATCA unless it complies with Irish legislation that implements the US-Irish IGA with respect to the implementation of FATCA. The US-Irish IGA requires, among other things, that the Issuer collect and provide to the Irish Revenue Commissioners substantial information regarding certain direct and indirect holders of the Notes and withhold (or instruct paying agents to withhold) 30% of certain payments to certain holders of Notes (as described below). The Issuer intends to comply with its obligations under the US-Irish IGA. However, in some cases, the ability to avoid such withholding tax will depend on factors outside of the Issuer's control. For example, the Issuer may not be considered to comply with FATCA if more than 50% of the Notes are owned by a person that is, or is affiliated with, a foreign financial institution that is not compliant with FATCA. Under the US-Irish IGA, the Issuer will be required to comply with Irish legislation that will be implemented to give effect to the US-Irish IGA, the exact terms of which are still uncertain. Unless it qualifies as a Non-Reporting Irish Financial Institution, the Issuer or an agent acting on its behalf will report information to the Irish Revenue Commissioners, which will exchange reportable information with the IRS under the terms of the US-Irish IGA. Under the terms of the US-Irish IGA, withholding will not be imposed on payments made to the Issuer, or on payments made by the Issuer, unless the IRS has specifically listed the Issuer as a non-participating financial institution, the Issuer has otherwise assumed responsibility for withholding under U.S. tax law, or the Issuer cannot comply with FATCA as a result of factors outside of its control, as described above. In addition, future guidance under FATCA may subject payments on Notes to a withholding tax of 30% if each foreign financial institution that holds any such Note, or through which any such Note is held, has not entered into an information reporting agreement with the IRS or complied with the terms of a relevant intergovernmental agreement. Each owner of an interest in Notes will be required to provide the Issuer and the Note Trustee or their agents with information necessary to comply with the US-Irish IGA as discussed above. Owners that do not supply required information, or whose ownership of Notes may otherwise prevent the Issuer from complying with FATCA (for example by causing the Issuer to be affiliated with a non-compliant foreign financial institution), may be subjected to punitive measures, including forced transfer of their Notes. There can be no assurance, however, that these measures will be effective, and that the Issuer and owners of the Notes will not be subject to the noted withholding taxes. The imposition of such taxes could materially affect the Issuer's ability to make payments on the Notes or could reduce such payments.

The proposed financial transactions tax ("FTT")

The European Commission has published a proposal (the Commission's Proposal) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

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

Under the Commission's Proposal, the FTT could apply, in certain circumstances, to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A

financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicated an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States, and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

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

Changes of law and regulation

The structure of the issue of the Notes is based on English law and various regulatory, accounting and administrative practices in effect as at the date of this Offering Circular.

Regard has also been had to the expected tax treatment of the Issuer under the tax law and the published practice of the tax authorities of the United Kingdom as at the date of this Offering Circular.

No assurance can be given as to the impact of any possible change to law (including any change in regulation which may occur without a change in primary legislation), or the regulatory, accounting or administrative practice, or the interpretation or administration thereof, or the practices of HM Revenue & Customs ("HMRC") or the tax authorities of any other relevant taxing jurisdiction, after the date of this Offering Circular nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes. Any changes to the accounting practices of any person may also have an effect on the tax treatment of that person.

In particular, the Issuer's ability to make (and Noteholders' entitlement to receive) payments on the Notes is therefore subject to the risk that tax law or the application of such law in any relevant jurisdiction may change and could adversely be affected by any such change.

Not a bank deposit

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank.

No regulation of the Issuer by any regulatory authority

The Issuer is not required to be licensed or authorised under any current securities, commodities or banking laws of its jurisdiction of incorporation. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by such regulatory authority could have an adverse impact on the Issuer or the holders of Notes.

D. GENERAL FACTORS RELATING TO THE UNDERLYING ASSETS

The Properties: general

General risks relating to commercial real estate loans

The Loan is secured by, amongst other things, mortgages over the Properties. The Properties, as at the Closing Date, predominately represent student accommodation and ancillary premises, as well as some commercial, residential housing and car parking premises.

Commercial real estate lending is generally viewed as exposing a lender to a greater risk of loss than residential mortgage lending since the repayment of a loan secured by income-producing property is typically dependent upon the successful operation of the related property. If the cashflow from the property is reduced (for example,

if leases are not obtained or renewed or if tenants default in their obligations under the respective leases), a borrower's ability to repay a loan may be impaired.

The volatility of property values and net operating income depends upon a number of factors, including (a) the volatility of property revenue and (b) the relevant property's operating leverage, which generally refers to (i) the percentage of total property operating expenses in relation to property revenue, (ii) the breakdown of property operating expenses between those that are fixed and those that vary with revenue and (iii) the level of capital expenditures required to maintain the property and retain or replace tenants. Even when the current net operating income is sufficient to cover debt service, there can be no assurance that this will continue to be the case in the future.

The net operating income and value of properties may be adversely affected by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by business closures or slowdowns and other factors); local property market conditions (such as an oversupply of office space, including market demand); perceptions by prospective tenants of the safety, convenience, condition, services and attractiveness of the properties; the proximity and availability of competing alternatives to the properties; the willingness and ability of the owners of the properties to provide capable management and adequate maintenance; demographic factors; consumer confidence; unemployment rates; customer tastes and preferences; retroactive changes to building or similar regulations; and increases in operating expenses (such as energy costs). In addition, other factors may adversely affect a property's value without affecting its current net operating income, including: changes in governmental regulations; monetary and fiscal policy and planning or tax laws; potential environmental legislation or liabilities or other legal liabilities; the availability of refinancing; and changes in interest rate or yield levels.

The age, construction quality and design of a particular property may affect its occupancy level as well as the rents that may be charged for individual leases over time. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements needed to maintain the property and to replace or retain tenants. Even good construction will deteriorate over time if the property managers do not schedule and perform adequate maintenance in a timely fashion. If, during the term of the Loan, competing properties of a similar type are built in the area where a Property is located or similar properties in the vicinity of a Property are substantially updated and refurbished, the value and net operating income of the Property could be reduced.

A decline in the general commercial property market, in the financial condition of a major tenant or student occupiers or a general decline in the local, regional or national economy will tend to have a more immediate effect on the net operating income of Properties with short-term revenue sources and may lead to higher rates of delinquency or defaults.

Any one or more of the above described factors could have an adverse effect on the income derived from, or able to be generated by, any of the Properties, which could in turn cause the Borrower to default on the Loan or may impact the Borrower's ability to refinance the Whole Loan or sell the Properties to repay the Loan.

If the Issuer does not receive the full amount due from the Borrower in respect of the Loan, then Noteholders may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay, in whole or in part, interest due on the Notes. The Issuer does not guarantee or warrant full and timely payment by the Borrower of any sums payable under the Loan.

Risks relating to student accommodation

Lettings of student accommodation premises are undertaken through various modes and this depends on the risk appetite of the relevant investor. This includes (but is not limited to) a lease of whole premises to a university with a RPI income strip arrangement and direct lets with university nomination arrangements. A direct let only arrangement, whereby landlords directly let to students without any nomination arrangements, is generally considered to involve the most risk since there is a re-letting risk given the short term nature of such lettings (usually on 44-51 week terms). This, in turn, requires heavy reliance on effective property management and annual marketing. Such an arrangement may also be susceptible to competition and to changes in the market generally.

Occupancy, and consequently the income and return from student accommodation premises (and the Properties predominantly comprise student accommodation premises) may be affected by the proximity of such premises

to educational institutions and transportation links, competing and/or comparable schemes, particularly in the Greater London area, college or university term and vacation periods. Income from such premises may also be volatile during the course of a year due to the short term nature of student occupation (as opposed to the fixed long term office or retail tenancies).

The specifications of student accommodation premises may also affect occupancy levels and the licence fee that may be charged for licences. High-end specifications of student accommodation premises need to be maintained by way of capital improvements in order to remain competitive with other high-end schemes and attract students. Oversupply of accommodation to students requiring beds may put downward pressure on the licence fees that may be charged, and may increase vacancies. Furthermore, a general change in attitude towards United Kingdom education institutions (particularly from foreign students) may have an adverse affect on demand for places at such institutions, leading to lower student numbers. Student numbers, and in turn demand for student accommodation, may also be affected by political decisions or changes in government policies in relation to tuition fees, immigration, student numbers or university funding.

Risks relating to office property

The income from and market value of an office property, and a borrower's ability to meet its obligations under a loan secured by an office property, are subject to a number of risks. In particular, a given property's age, condition, design, access to transportation and ability to offer certain amenities to tenants, including sophisticated building systems (such as fibre-optic cables, satellite communications or other base building technological features) all affect the ability of such a property to compete against other office properties in the area in attracting and retaining tenants. Other important factors that affect the ability of an office property to attract or retain tenants include the quality of a building's existing tenants, the quality of the building's property manager, the attractiveness of the building and the surrounding area to prospective tenants and their customers or clients, access to public transportation and major roads and the public perception of safety in the surrounding neighbourhood. Attracting and retaining tenants often involves refitting, repairing or making improvements to office space to accommodate the type of business conducted by prospective tenants or a change in the type of business conducted by existing major tenants. Such refitting, repairing or improvements are often more costly for office properties than for other property types.

Local and regional economic conditions and other related factors also affect the demand for and operation of office properties. For example, decisions by companies to locate an office in a given area will be influenced by factors such as labour cost and quality, and quality of life issues such as those relating to schools and cultural amenities.

Also, changes in local or regional population patterns, the emergence of telecommuting, sharing of office space and employment growth also influence the demand for office properties and the ability of such properties to generate income and sustain market value. In addition, an economic decline in the businesses operated by tenants can affect a building and cause one or more significant tenants to cease operations and/or become insolvent. The risk of such an adverse effect is increased if revenue is dependent on a single tenant or a few large tenants or if there is a significant concentration of tenants in a particular business or industry.

Each of the foregoing circumstances and events may, individually or in the aggregate, adversely affect the income from and market value of any of the Properties that comprise office property and thereby increase the possibility that the Borrower under the Loan secured by the Properties will be unable to meet its obligations under the Loan.

Risks relating to retail Properties

Properties used and/or let for retail purposes are further subject to the following which could also affect a Property's value and/or the rental income receivable from it:

- (a) competition from other retail spaces or the construction of other retail space;
- (b) competition from other forms of retailing outside a given property market (such as mail order and catalogue selling, discount shopping centres and selling through the Internet), which may reduce retailers' need for space at a given location (the continued growth of these alternative forms of retailing could adversely affect the demand for space and, therefore, the rents collectable from retail properties); and

- (c) the quality of management and attractiveness of the Properties and the surrounding neighbourhood to tenants and their customers, the public perception of the level of safety in the area, access to public transportation and major roads and the need to make major repairs or improvements to satisfy major tenants.

Such factors can sometimes result in rapid, substantial increases and decreases in rental and valuation levels.

Risks relating to tenant occupiers and tenancies

A borrower under a loan in relation to income-producing property generally relies on payments from occupants to service the loan and any other debt or obligations it may have outstanding. In the case of student accommodation premises, these payments often take the form of licence fee payments under occupational arrangements with students and periodic rental payments under other tenancies. Further, a borrower also generally relies on periodic service charge payments from tenants to pay for maintenance and other operating expenses of the property.

In addition, there can be no assurance that tenants will renew leases upon expiration or, in the case of a commercial tenant, that it will remain solvent and able to perform its obligations throughout the term of its lease. There is a particular risk of non-renewal of leases in respect of any part of a Property which is leased but not occupied. Further, student accommodation premises are usually let on short-term basis either to individual students or under a group booking arrangements to institutions.

Income from and the market value of a Property would be adversely affected if:

- (a) student occupiers or group bookings could not be secured in respect of the student accommodation parts of that Property, or if such occupiers could not meet their obligations; or
- (b) space in that Property could not be leased or re-let, if tenants were unable to meet their lease obligations, if a significant tenant (or a number of smaller tenants) were to become insolvent, or if for any other reason rental payments could not be collected.

Any occupier may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a reduction or failure to make rental payments when due. If an occupier, particularly a major occupier, defaults in its obligations under its lease or licence, the relevant lessor may experience delays in enforcing its rights and may incur substantial costs and experience significant delays associated with protecting its investments, including costs incurred in renovating and re-letting the Property or the relevant parts of the Property.

Net operating income from a commercial property may be reduced and a borrower's ability to repay a loan impaired, as a result of, among other things, an increase in vacancy rates for a property, taxes (whether arising structurally, as a result of clawbacks, or otherwise) a decline in market rental rates as leases or licences are renewed or entered into with new occupiers, an increase in operating expenses of the property and/or an increase in capital expenditures needed to maintain the property. Voids, service charge caps and exclusions and rent free periods (and other tenant incentives) can all impact on income and lead to leakage.

No assurance can be given that an occupier of a Property will continue making payments under their leases or licences or that any such occupier will not become insolvent or subject to bankruptcy proceedings or subject to administration in the future or, if any such tenants become subject to administration, that they will continue to make rental payments in a timely manner.

Revenues derived in the property market primarily from short-term sources, such as portfolios comprising a large number of units or student accommodation premises, generally require a greater degree of management compared to units leased to tenants under long term leases. Given that the Properties predominantly comprise student accommodation premises which have a large number of units, the portfolio requires intensive management and a sound relationship with tenants in order to maintain and enhance income, minimise vacancy rates.

Risks relating to terms of leases

Leases or licences may terminate earlier than anticipated if the relevant occupier surrenders its lease, terminates its licence or defaults in the performance of its obligations. Further, leases contain break clauses which, if exercised, will lead to a termination of the relevant lease. As such, the Borrower will have to either seek to renew such tenancies or find new tenants for the vacated premises.

Either of these factors might result in a decline in the income produced by a Property or the incurrence by the relevant Borrower of unforeseen liabilities, which may in turn adversely affect the ability of the Borrower to meet its obligations in respect of the Loan and hence the ability of the Issuer to make payments on the Notes.

Risks relating to frustration of tenancies

A tenancy could, in exceptional circumstances, be frustrated under English law whereupon the parties need not perform any obligation arising under the relevant agreement after the frustration has taken place. Under English law frustration may occur where superseding events radically alter the continuance of the arrangement under the agreement for a party thereto, so that it would be inequitable for such an agreement or agreements to continue. If a tenancy granted in respect of a property is frustrated this could operate to have an adverse effect on the income derived from, or able to be generated by, a particular property, which could cause the owner of such property to default on its loan. Therefore, there can be no assurance that any lease will not terminate earlier than its term as a result of frustration.

Risks relating to the rights of occupiers

Under each lease there is a landlord obligation, among other things, to allow each tenant quiet enjoyment of the commercial and/or residential parts of the Property which are leased to it and to perform certain specified obligations. Where the landlord is in default of its obligations under a tenancy under the general law a right of set-off could be exercised against the landlord by a tenant of part of the Property in respect of its rental obligations.

In addition, risks related to occupiers may also be increased if there is a concentration of occupiers in particular industries at a property. If a property is leased predominantly to tenants in a particular industry (for example, students), the lender may not have the benefit of risk diversification that would exist in a case where tenants were not so concentrated. There can be no assurance that an economic decline in a particular sector would not adversely affect the ability of tenants in such sector to meet their payment obligations to the Borrower under their respective lease agreements in respect of the relevant Properties and accordingly, the relevant Borrower's ability to meet its payment obligations under the Loan. Alternatively, a lack of tenant concentration can also expose a borrower or lender, to additional risks. If a property has multiple tenants, expenditures for re-tenancing may be more frequent than in the case of a property with fewer tenants, thereby reducing the cashflow available for debt service payments. Multi-tenanted properties also may experience higher continuing vacancy rates and greater volatility in rental income and expenses. The foregoing would apply to tenants in occupation from time to time of any parts of a Property pursuant to any lease thereof.

Risks relating to statutory rights of tenants

In certain circumstances, in particular relating to the renewals of business tenancies, a tenant of a commercial property may have statutory rights to require the landlord to grant it a new lease pursuant to the Landlord and Tenant Act 1954 (such Act applies in England and Wales only). Should such a right arise, the landlord may not have their normal freedom to negotiate the terms of the new lease with the tenant, such terms being imposed by the court or being the same as those under the previous tenancy of the relevant premises.

Risks relating to licences

Student accommodation premises are usually let under short-term licence arrangements. In the United Kingdom, there is a risk that such licences may be held by a court to be a tenancy in reality if it is judged that the students are given 'exclusive possession' of their rooms. If this occurs, such licences will be deemed to constitute assured shorthold tenancies (*AST*). This could have various consequences, including (but not limited to) that the landlord would be required to comply with statutes governing ASTs in relation to any possession proceedings (i.e. two months' notice would need to be given, irrespective of the termination provisions set out in the licence) and that the landlord would need to register any deposits taken with an approved tenancy deposit scheme.

Risks relating to environment

Soil and groundwater contamination

Existing environmental legislation relating to soil and groundwater contamination allows liability for clean-up costs to be imposed primarily on a person who causes or knowingly permits pollution (a “*polluter*”), but also on the owner or occupier of land where the polluter cannot be found, or cannot effect or fund the clean-up. The term “owner” includes anyone with a proprietary interest in a property, other than a short-term tenant paying periodic rent. Even if more than one polluter is responsible for the contamination, each polluter may be required to complete or fund all of the clean-up.

If any contamination liability were to exist in respect of any parts of any Property, the Security Agent should not incur responsibility for such liability prior to enforcement of the Loan and Transaction Security, unless it could be established that the Security Agent could be said to be a polluter whilst in control of those parts of the Property affected, or – if no polluter were able to be made liable, the Security Agent entered into possession of the affected parts of the Property, assuming liability as an owner. After enforcement, the Security Agent, if deemed to be a mortgagee or security holder in possession, or a receiver appointed on behalf of the Security Agent, could become responsible for environmental liabilities in respect of that Property. Therefore, the Security Agent will need to be adequately indemnified against any environmental claims brought against it.

If a contamination liability arises in relation to any parts of any Property and is not remedied, or is not capable of being remedied, this may restrict its use for residential or other sensitive purposes, and may result in an inability to sell the Property or in a reduction in the price obtained for the Property, resulting in a sale at a reduced value.

In addition, third parties may sue a current or previous owner, occupier or operator of a site for damages and costs resulting from substances emanating from a Property, and the presence of substances on any Property could result in personal injury or similar claims by private claimants.

Although at the time of origination of the Loan a soil and groundwater contamination assessment was carried out in respect of the Properties, there can be no assurance that all contamination risks have been identified.

Environmental compliance

National and local environmental laws and regulations impose a range of obligations on the owners, occupiers and managers of residential and mixed-use buildings, including laws and regulations governing air and noise emissions; water use and wastewater and stormwater discharges; the maintenance of above-ground and underground storage tanks; the use, release, storage, disposal, handling and transportation of, and exposure to, oil, chemicals and hazardous substances; energy usage and carbon emissions; the management and disposal of waste; and otherwise relating to health, safety and the protection of the environment. Various permits and licences are required pursuant to environmental laws and regulations, which can result in constraints in on-site operations, and costs in compliance. These regulatory requirements change from time to time.

The owners, operators and managers of the Properties may violate environmental regulations in the future. Violations of environmental laws and regulations can lead to fines and penalties and requirements for rectification, which could require expenditure, changes in site operations or temporary closures of all or part of a Property. This could affect the value of a Property and related income. Additional expenditure and other commercial and financial impacts to comply with existing as well as new or revised environmental legislation and regulations may also arise, potentially affecting the value and income from a Property.

Risks relating to planning consents

All properties are subject to compliance with various local planning rules and regulations. Such planning rules will typically require local planning board or planning authority consent or approval to any significant construction or renovations to a property or any significant change in use for a property. Obtaining planning consent can be time consuming and, depending on the request being made to the planning board or planning authority, costly and difficult to obtain. However, failure to so comply with planning rules and regulations (together with an inability to remedy such failure) could result in penalties being assessed against the related property and failure to obtain further consents necessary to complete any action to construct, modify or change usage with respect to such property.

Risks relating to insurance

The Obligors have undertaken in the Senior Facility Agreement that they will ensure certain insurances are in full force and effect. For further details refer to the section entitled "*THE LOAN AND THE RELATED SECURITY*".

There is no assurance the Obligors will procure the maintenance of the insurances required under the Senior Facility Agreement or that such insurances will be adequate. Moreover, if reconstruction or any major repairs are required, changes in laws or planning requirements may materially affect the relevant Borrower's ability to effect any reconstruction or major repairs or may materially increase the costs of the reconstruction or repairs.

The Obligors are required to notify the Facility Agent of any renewals made and material variations or cancellations of insurance policies made, threatened or pending (to the knowledge of any Obligor) and are obliged not to do or permit anything to be done which may make void or voidable any insurance policy.

Certain types of risks and losses (such as losses resulting from war, terrorism, nuclear radiation and radioactive contamination and heaving or settling of structures) may be or become either uninsurable or not economically insurable or are not covered by the required insurance policies. Other risks might become uninsurable (or not economically insurable) in the future. If an uninsured or uninsurable loss were to occur, the affected Borrower might not have sufficient funds to repay in full all amounts owing under by it under the Senior Facility Agreement.

Risks relating to rights of light

Reports prepared by GIA in respect of each of the Properties considers that several neighbouring properties may have had their rights of light infringed by the development of each of the Properties. The Security Agent has obtained reliance on each such reports to the Security Agent. It should be noted that the recommended compensation under the reports was assessed by GIA prior to the decision in *Tamares (Vincent Square) v Fairpoint Properties (Vincent Square) Ltd* [2006] (*Tamares Case*). The assessment would likely be higher today taking into account the principles for calculating damages set out in the *Tamares Case*. In that case, the Court held that owners of infringed rights of light would normally expect to receive a share of the likely development profits, and accordingly where the Court grants damages in lieu of an injunction, this should be taken into account in calculating the damages.

NH Property: GIA's report dated 12 January 2010 identified four residential properties which may have had their rights of light infringed by the development of the NH Property in 2010/2011 (some of which GIA considered to be technically injunctable). GIA recommended a budget of £200,000 be allowed for compensation.

A rights of light insurance policy with First Title Insurance Plc is in place in respect of the risk of a claim by the four neighbouring properties. The policy covers up to £14,000,000 with no excess. There is no inflationary increase in the level of indemnity. The indemnity covers actual loss suffered (being sums payable in relation to an order or settlement, works on the property which are abortive due to order or settlement, difference in land value following order of settlement and interest payable on a mortgage where the insured is unable to pursue its intended development of the relevant land). The Security Agent has the benefit of this insurance policy. A breach of the terms of such policy could give rise to a termination of the policy, which in turn would put the Borrower at risk if a rights of light claim is commenced. There is also a risk arising from the fact that the Company does not have any comfort regarding whether or not the Sellers had breached the terms of the policy.

KC Property: GIA's letter dated 15 June 2006 identified 5 neighbouring properties that may have had their rights of light infringed by the development of the KC Property in 2005/2008 (with one such infringement considered to be technically injunctable by GIA). GIA recommended a budget of £150,000 to deal with potential claim. Despite the passage of time since development of the KC Property, a claim for rights of light infringement may still be commenced.

SF Property: GIA's report dated 24 April 2006 and 9 January 2007 considered that the development of the SF Property in 2008/2010 may have caused infringements of rights of light of 7 neighbouring properties (some of which GIA considered to be injunctable). GIA recommended a budget of £3,000,000 be set aside to deal with potential claims in relation to the rights of light infringements. Despite the passage of time since the development of the SF Property, a claim for rights of light infringement may still be commenced.

A rights of light insurance policy with Countrywide Legal Indemnities is in place in perpetuity in respect of each of the KC Property and the SF Property. The policies specifically cover successors in title to the Borrower and any lessee, underlessee or person having a proprietary interest or occupational interest in the KC Property or the SF Property or any part thereof and their respective mortgagees or charges. There is no excess and no provision for an inflationary increase in the level of indemnity under the policies. The policies have an aggregate indemnity limit of £30,000,000 in respect of the policies for the KC Property and the SF Property, covering risks of claims by proprietors of adjoining or neighbouring properties enforcing the benefit of rights of light. A breach of the terms of such policy could give rise to a termination of the policy, which in turn would put the Borrower at risk if a rights of light claim is commenced.

Under the Senior Facility Agreement, the Borrower has undertaken to (among other things) maintain the abovementioned rights of light insurance policies in full force and effect and to not breach the terms of such policies. The Borrower has also undertaken to notify the Security Agent if it becomes aware of a claim that is made or threatened in respect of rights of light infringements.

Rights relating to Crossrail works

The KX Property falls within the safeguarding limits of the Crossrail 2 construction. Safeguarding is the process by which Crossrail protects its routes from development that could impact on its scheme. As the KX Property falls within the safeguarding zone, future development of the KX Property may be restricted whilst Crossrail works are being undertaken.

Risks relating to the Second Transfer

Prior to 20 November 2015, the Borrower is permitted under the Senior Facility Agreement to transfer the freehold title of the KX Property and the SF Property to KX Unit Trust and SF Unit Trust respectively (the “*Second Transfer*”). This gives rise to risks relating to release and grant of security and updates to the diligence.

The Security Agent will need to release its security over the freehold titles of the KX Property and the SF Property to allow the Second Transfer to occur. It will also be required to register a further security over the relevant freehold titles once the Second Transfer has been registered. There is risk that a subsequent adverse registration or application may have been made in respect of such titles following registration of the existing charge. This is somewhat mitigated by the provisions of the Senior Facility Agreement, under which the Borrower may only undertake the Second Transfer once it delivers to the Security Agent (among other things) a clear priority search in relation to the titles of the relevant properties with no adverse entries, an updated letter confirming no changes to the relevant Certificates of Title and executed supplemental Security Agreement granting a further charge by the KX Unit Trust and SF Unit Trust over the KX Property and the SF Property, respectively.

In the registration process of the Second Transfer, there is also a technical risk of a time lag between the Land Registry releasing the existing security and registering the new charge following registration of the transfer. The usual practice is to submit the release of existing charge, transfer of freehold title and new charge for registration together to the Land Registry and for the Land Registry to register the release, transfer and new charge simultaneously so that there is no time gap in which the properties are not subject to a charge in favour of the Security Agent.

Furthermore, in the period prior to the Second Transfer, the Borrower (as owner of the freehold of the KX Property and the SF Property) does not have the benefit of certain insurance policies, professional appointments, collateral warranties, third party rights, construction and other contracts (“*Construction Contracts*”), and is technically exposed to a claim or defect that would ordinarily be covered if it had the benefit of such Construction Contracts. Such Construction Contracts were assigned on completion of the Acquisition Agreement directly to GS King’s Cross and GS Spitalfields, respectively, in anticipation of the Second Transfer.

Risks relating to compulsory purchase of any Property

Any property in the United Kingdom may at any time be compulsorily acquired by, among others, a local or public authority or a government department generally in connection with proposed redevelopment or infrastructure projects.

If a compulsory purchase order were to be made in respect of all or parts of any Property, compensation would be payable on the basis of the open market value of all of the relevant Borrower's and respective tenant's proprietary interests in the relevant part or parts of the Property at the time of the related purchase. The relevant freehold estate and any tenancy would both be acquired and the tenants would cease to be obliged to make any further rental payments to the relevant Borrower under the tenancy. The risk to Noteholders is that the amount received from the proceeds of purchase of the freehold or leasehold estate allocable to the Loan may be less than the corresponding Principal Amount Outstanding on the Notes together with accrued interest.

There is often a delay between the compulsory purchase of a property and the payment of compensation, the length of which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the open market value. Should such a delay occur, then, unless the Borrower has other funds available, an Event of Default may occur.

Concentration of risk generally

The Obligors' only material assets are the Properties themselves and they will therefore not have access to any funds other than those generated through their ownership of the Properties and their letting of the Properties to occupational tenants and student occupiers. The ability of the Borrower to make payments of interest and repayments of principal under the Senior Facility Agreement will be dependent solely on the sufficiency of income generated from the Properties as well as the market value and continued successful operation and management of the Properties. A decline in any of these factors will directly materially adversely affect the Issuer's ability to make payments due in respect of the Notes in full.

Risks relating to geographic concentration

The Properties are located in Greater London, United Kingdom. Repayments under the Senior Facility Agreement and the market value of the Properties could be adversely affected by conditions in the property market where the Properties are located.

Tenant concentration and tenant default

The Borrower's ability to pay interest on and to repay principal under the Loan depends on the occupiers' ability to make rental payments under the leases and/or licences. Any occupier of the Properties may, from time to time, experience changes in their circumstances which may weaken their financial condition and result in a failure to make rental payments when due. If an occupier of a Property were to default in its obligations to pay rent, the Borrower is unlikely to have other funds available to enable it to make all payments due on the Loan. The Borrower may also incur costs and experience delays associated with protecting its investment, including costs incurred in renovating and reletting that Property, thereby further reducing the amount available to make payments due in respect of the Loan.

Property condition assessments

The Borrower could be exposed to unexpected problems or unrecognised risks, such as delays in the implementation of maintenance, refurbishment or modernisation measures in connection with the Properties which it owns. As a result, the Borrower might be unable to let a Property or implement rent increases and the Borrower's financial condition could deteriorate and the value of the relevant Properties could decline.

To maintain rented Properties, and also to avoid loss of value, it is necessary to perform maintenance and/or repairs. In addition, it may also be necessary to modernise Properties to increase their appeal or to meet contractual or legal requirements or market expectations. Such measures can be time consuming and expensive. In connection with this, risks can arise in the form of higher costs than anticipated or unforeseen additional expenses for maintenance, repair or modernisation that cannot be passed on to occupiers. Moreover, work can be delayed, for example, because of bad weather, poor performance or insolvency of contractors or the discovery of unforeseen structural defects. In the ordinary course of events, the Borrower will fund such maintenance expenditure out of excess cashflow generated by the Properties. If the necessary capital expenditure is not undertaken, this could lead to a diminution in the value of the relevant Properties, impacting on the liquidation or refinancing value thereof and hence the ability to generate sufficient disposal proceeds or refinancing proceeds. The possibility of such diminution in value could be increased if enforcement proceedings following an Event of Default are protracted.

Structural risks

A structural survey was carried out (see "*The Origination and Due Diligence Process – structural survey report*") and no material concerns were flagged by the surveyor. There can be no assurance that another surveyor would have arrived at the same opinion of structural risk or that the status of the Properties has not changed the date of the relevant structural survey report.

No structural survey of the Properties has been conducted since the date of the relevant structural report for the purposes of the issue of the Notes. There can be no assurance that all structural risks have been identified.

E. GENERAL SECURITY AND INSOLVENCY CONSIDERATIONS

The Issuer will enter into the Deed of Charge and Assignment pursuant to which it will grant the Issuer Security in respect of certain of its obligations, including its obligations under the Notes.

The Obligors have entered into various security documents under the Senior Facility Agreement (the *Transaction Security Documents*), pursuant to which each Obligor granted certain security in respect of certain of its obligations, including its obligations under the Senior Facility Agreement (as to which, see "*THE LOAN AND RELATED SECURITY*").

In certain circumstances, including the occurrence of certain insolvency events in respect of the Issuer or an Obligor, the ability to realise the Issuer Security and/or the relevant Transaction Security, respectively, may be delayed and/or the value of the relevant security impaired. While the transaction structure is designed to minimise the likelihood of the Issuer or (by limiting their ability to incur financial indebtedness and limiting their business activities) any of the Obligors becoming insolvent, there can be no assurance that the Issuer and/or one or more of the Obligors will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).

In addition, it should be noted that, to the extent that the assets of the Issuer or certain of the Obligors are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in relation to the English Obligors (as defined below), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986 (see "*Fixed security interests may be recharacterised as floating security interests due to the degree of control exercised over certain underlying assets, including over bank accounts, and as a result the full proceeds of enforcement may not be available to repay the Notes*"), certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge and Assignment/relevant Transaction Security Document may be used to satisfy any claims of unsecured creditors. While certain of the covenants given by the Issuer and certain of the Obligors in the Issuer Transaction Documents/Finance Documents, respectively, are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge and Assignment/Transaction Security Documents, it will be a matter of fact as to whether the Issuer/relevant company has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Issuer Security/Transaction Security.

CONSIDERATIONS RELATING TO THE INSOLVENCY OF THE OBLIGORS

Risks relating to the Obligors

Certain Obligors are incorporated under the laws of England (the "**English Obligors**") and the other Obligors are incorporated under the laws of Jersey (the "**Jersey Obligors**").

The English Obligors are subject to the provisions of English insolvency law, provided that their Centre of Main Interests is in England. The Jersey Obligors are subject to the provisions of Jersey insolvency laws. Pursuant to the Senior Facility Agreement, each Obligor represents that its Centre of Main Interests is situated in England or Jersey, as the case may be. Although the Obligors have been established as limited purpose entities, they may, nonetheless, become insolvent and subject to insolvency proceedings under English law or Jersey law, as applicable.

The Facility Agent or the Security Agent (as the case may be) will have certain rights under the Senior Facility Agreement if any of the Obligors become insolvent and subject to insolvency proceedings, including certain rights to accelerate the Loan and enforce the Transaction Security. However, the rights of creditors of an insolvent English or Jersey company are limited by law. There is no moratorium for secured creditors in Jersey. There are usual set aside risks in relation to reviewable transactions in Jersey such as transactions at an undervalue, preferences and extortionate credit transactions.

In the event that the Loan is not repaid in full following the enforcement of the Loan and the related Transaction Security, the Issuer may not have sufficient resources to satisfy in full its obligations under the Notes.

Limitation of recoverability of legal fees in enforcement

There can be no assurance that the Issuer will be able to recover legal fees incurred or advanced in connection with the enforcement of the Loan or the related Transaction Security from the Obligors, in particular, to the extent that such legal fees exceed the statutory limits provided by law. There can be no assurance that the legal fees relating to an enforcement of the Loan or the related Transaction Security will fall within the limitation of what can be charged to a debtor under applicable law. Any amounts of legal fees in excess of such limitation could result in a shortfall to amounts that would otherwise be distributed on the Notes.

Risks relating to the litigation

There may be pending or threatened legal proceedings against an Obligor and/or their respective Affiliates arising out of the ordinary business of such Obligor.

The Obligors will only represent that there is no pending litigation against it which, if adversely determined, would have a Material Adverse Effect (as qualified by the Senior Facility Agreement) on the date of each Utilisation Request and on each Utilisation Date.

Appointment of an administrator to an English company

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

- (a) by the court, on the application of the company, any or all of its creditors, or the justices' chief executive for a magistrates court, provided that the court is satisfied that the company is or is likely to become unable to pay its debts and that the administration order is reasonably likely to achieve the statutory purpose of administrations;
- (b) by the holder of a "qualifying floating charge" (as defined in the Insolvency Act 1986) over the whole or substantially the whole of the company's property who gives notice of intention to appoint an administrator to any holder of a prior qualifying floating charge and files with the court the appointment in prescribed form (including a statutory declaration that the charge was enforceable on the date of the appointment and a statement by the proposed administrator that he believes the statutory purpose of administration is reasonably likely to be achieved) and such other documents as may be requested; or
- (c) the company or its directors if it or they give notice of intention to appoint an administrator to any person who may be entitled to appoint an administrative receiver or administrator of the company, such person declines to appoint an administrative receiver or administrator (as the case may be) and the appointment is filed with the court in prescribed form (including a statutory declaration that the company is or is likely to become unable to pay its debts and a statement by the proposed administrator that he believes the statutory purpose of administration is reasonably likely to be achieved) along with such other documents as may be provided.

An interim "moratorium" on enforcement action against the company will come into effect on the filing with the court of the application for making of an administration order by the court or the notice of intention to appoint an administrator out of court, or on the presentation of a petition for an administration order, as the case may be. During the period for which such moratorium is in force, (among other things) no steps may be taken to enforce any security over the property of the company except with the leave of the court (and subject to such terms as

the court may impose). The moratorium remains in force where an administration application has been made and has not yet been granted or dismissed, or has been granted but the order has not yet taken effect, or where a floating charge holder has filed notice of intention to appoint an administrator with the court, until the appointment takes effect or until five business days expire with no administrator having been appointed, or members of the company themselves have filed with the court notice of intention to appoint an administrator, until the appointment takes effect or until 10 business days expire with no administrator having been appointed.

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

Inability to appoint an administrator to a Jersey company

Jersey law does not recognise the concept of an administrator or receiver. Accordingly, whilst a Jersey company is deemed to have capacity under Jersey law to give security governed by foreign law over property situated outside of Jersey, Jersey law prohibits giving security over tangible moveable property situated in Jersey (such as plant and machinery, vehicles, office equipment, computers and other chattels which are the subject of a fixed charge under the Transaction Security Documents), other than by pledge, and requires compliance with Jersey law for the creation of a security interest over intangible moveable property situated in Jersey or immovable property situate in Jersey. The courts of Jersey are unlikely to recognise powers of any receiver or administrator appointed in respect of Jersey-situs assets.

Jersey Trusts

It is not clear as a matter of Jersey law whether or not the assets of a trustee as trustee of a trust can be declared “en désastre”. If however, the assets of a Jersey Obligor were declared en désastre and in the event that any of the documents to which that Jersey Obligor is a party was held by the Jersey courts to constitute a transaction at an undervalue and/or the giving of a preference to any person, the Jersey courts would have the power, depending inter alia on the period of time elapsed since the transaction was entered into, to set aside such transaction.

Under Jersey law the liability of a Jersey Obligor for its obligations under the documents to which it is a party may extend only to the assets comprising the trust fund of the relevant Jersey Obligor notwithstanding that a document may purport to be governed by English law. This may apply whether proceedings are brought directly in the Royal Court of Jersey, or a judgment obtained outside Jersey is sought to be enforced in the Royal Court.

Article 32 of the Trusts (Jersey) Law 1984 (“TJL”) (which applies to trusts of which the law of Jersey is the proper law) provides as follows:

“(1) Where a trustee is a party to any transaction or matter affecting the trust –

- a) if the other party knows that the trustee is acting as trustee, any claim by the other party shall be against the trustee as trustee and shall extend only to the trust property;
- b) if the other party does not know that the trustee is acting as trustee, any claim by the other party may be made against the trustee personally (though, without prejudice to his or her personal liability, the trustee shall have a right of recourse to the trust property by way of indemnity)

(2) Paragraph (1) shall not affect any liability the trustee may have for breach of trust.” In summary, article 32 of TJL provides a statutory protection to trustees of a trust, limiting the recourse available to a contracting third party to the value of the trust property. As the Jersey Obligors are acting in their capacities as trustees of the relevant Unit Trusts, and those Jersey Obligors only hold the respective trust funds (principally the Properties (or units in the other Unit Trusts, as the case may be)), then the recourse available to a contracting third party is only to the balance sheet of the particular unit trust and not to the balance sheet of the trustees in their own corporate capacity.

Accordingly, the liability of the Jersey Obligors is limited to the value from time to time of the trust property (meaning in the case of the Borrower, the value of its units in GS Notting Hill, GS King's Cross and GS Spitalfields and in the case of the other Jersey Obligors, the relevant Property held by that unit trust) plus any trust income (e.g. rent) that happens to be held by the Jersey Obligors from time to time. Recourse is also possible in some circumstances where the Jersey Obligor is liable for wilful misconduct or gross negligence.

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

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

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

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

Fixed security interests may be recharacterised as floating security interests due to the degree of control exercised over certain underlying assets, including over bank accounts, and as a result the full proceeds of enforcement may not be available to repay the Notes.

There is a possibility that a court could find that the fixed security interests expressed to be created by the Obligors under the security documents governed by English law could take effect as floating charges as the description given to them as fixed charges is not determinative.

Whether the fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the Security Agent has the requisite degree of control over the relevant assets and exercises that control in practice.

The Obligors have, in accordance with the terms of the Senior Facility Agreement, established a number of bank accounts into which, among other things, (indirectly or directly) rental income and disposal proceeds in respect of the relevant Properties must be paid. The Obligors have, pursuant to the terms of the relevant Transaction Security Documents, granted security over all of their interests in their relevant accounts, which security is, expressed to be a first fixed charge or in the case of the relevant Jersey Security Interest Agreement, a first priority security interest. Furthermore, under the Deed of Charge and Assignment, the Issuer will grant security over all of its bank accounts, which security will also be expressed to be fixed security or in the case of the relevant Jersey law security interest created thereunder, a first priority security interest.

Although the various bank accounts are stated to be subject to various degrees of control (for example the Senior Facility Agreement provides that the Security Agent is to have sole signing rights over accounts including the Prepayment Account, Cash Trap Account, Rent Reserve Account, Collateral Account and the Debt Service Account of the Obligors), there is a risk that, if one or more of the Security Agent, the Facility Agent or the Issuer Security Trustee (as appropriate) do not exercise the requisite degree of control over the relevant accounts in practice, a court could determine that the security interests granted in respect of those accounts take effect as floating security interests only. In such circumstances, monies paid into accounts or derived from those

assets could be diverted to pay preferential creditors and certain other liabilities were a receiver, liquidator or administrator to be appointed in respect of the relevant company in whose name the account is held.

If the fixed security interests are recharacterised as floating security interests, the claims of (i) the unsecured creditors of the relevant Obligor incorporated in England and Wales (or otherwise subject to insolvency proceedings in England and Wales); and (ii) certain statutorily defined preferential creditors of the relevant English Obligor, may have priority over the rights of the Security Agent, as the case may be, to the proceeds of enforcement of such security in accordance with s176A of the Insolvency Act 1986. To the extent that the assets of the Issuer or any Obligor are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Obligor security documents may be first used to satisfy any claims of unsecured creditors, up to an amount equal to £600,000 in respect of each relevant Obligor. As a result, the full amount of the proceeds of enforcement of the security may not be available to repay the Notes.

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Buchler & Another v Talbot & Ors* [2004] UKHL 9. Accordingly, it is now the case that the costs and expenses of a liquidation (including corporation tax on capital gains) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. As a result of the changes described above, upon the enforcement of the floating charge security granted by an English Obligor, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Obligor security documents will be reduced by at least a significant proportion of any liquidation expenses.

Floating charges given by the English Obligors may be deemed invalid for lack of consideration which would hinder the appointment of an administrative receiver.

Section 245 of the Insolvency Act 1986 provides that, in certain circumstances, a floating charge granted by a company may be invalid in whole or in part. If a floating charge is held to be wholly invalid then it will not be possible to appoint an administrative receiver of such company and, therefore, it will not be possible to prevent the appointment of an administrator of such company. The risk is, if a liquidator or administrator is appointed to the relevant English Obligor within a period of two years (the relevant time) commencing upon the date on which the Obligor grants a floating charge, the floating charge granted by that Obligor, as the case may be, will be invalid pursuant to section 245 of the Insolvency Act 1986 except to the extent of the consideration received by the relevant chargor at the time of or after the creation of the floating charge.

The application of the Small Companies Moratorium may limit enforcement

Certain small companies, as part of the company voluntary arrangement procedure, may seek court protection from their creditors by way of a "moratorium" for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State for Business, Innovation and Skills may, by order, extend or reduce the duration of either period). A company is eligible for a moratorium if, at the date of filing for moratorium, it meets two or more of the following criteria for being a "small company" under Section 382(3) of the Companies Act 2006 (as amended): (i) its turnover is not more than £6,500,000; (ii) its balance sheet, total is not more than £3,260,000; and (iii) the number of employees is not more than 50.

The position as to whether or not a company is eligible for a moratorium may change from period to period, depending on its financial position and average number of employees during that particular period. The Secretary of State for Business, Innovation and Skills may by regulations also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a "small company".

Accordingly, the English Obligors may, at any given time be eligible to seek a moratorium, in advance of a company voluntary arrangement.

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

Accordingly, the provisions described above may limit the Security Agent's ability to enforce the Transaction Security, to the extent that an English Obligor (1) falls within the criteria for eligibility for a moratorium at the time a moratorium is sought; (2) seeks a moratorium in advance of a company voluntary arrangement (as applicable); and (3) is considered not to fall within the capital market exception (the exception being a "capital market arrangement", under which a party has incurred, or when the agreement was entered into expected to incur, a debt of at least £10,000,000 and which involved the issue of a capital market investment) or any other applicable exception at the relevant time.

The ability to appoint an administrative receiver will be hindered by the application of the Enterprise Act 2002 in respect of floating charges

The provisions of the Enterprise Act restrict the right of the holder of a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003 or an exception applies) and instead give primacy to collective insolvency procedures (in particular, administration).

Incorporation of entities in jurisdictions other than England and Wales

If the Issuer or any Jersey Obligor were to become insolvent, given that the Issuer and the Jersey Obligors are not incorporated in England and Wales, it is unlikely that it will be possible to appoint an administrative receiver in respect of the Issuer or any Jersey Obligor in England (so as to prevent the appointment of an English administrator) using the capital markets exception referred to in the relevant legislation.

Risks relating to the Issuer

Centre of main interest

The Issuer has its registered office in Ireland. As a result there is a rebuttable presumption that its centre of main interest (**COMI**) is in Ireland and consequently that any main insolvency proceedings applicable to it would be governed by Irish law. In the decision by the European Court of Justice (**ECJ**) in relation to Eurofood IFSC Limited, the ECJ restated the presumption in Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Proceedings, that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". As the Issuer has its registered office in Ireland, has Irish directors, is registered for tax in Ireland and has an Irish corporate services provider, the Issuer does not believe that factors exist which would rebut this presumption, although this would ultimately be a matter for the relevant court to decide, based on the circumstances existing at the time when it was asked to make that decision. If the Issuer's COMI is not located in Ireland, and is held to be in a different jurisdiction within the European Union, main insolvency proceedings may not be opened in Ireland.

Examinership

Examinership is a court procedure available under the Companies Act 2014 of Ireland, as amended (**Companies Act 2014**) to facilitate the survival of Irish companies in financial difficulties.

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the relevant Irish court for the appointment of an examiner. The examiner, once appointed, has the power to halt, prevent or rectify acts or omissions, by or on behalf of the company after his appointment and, in certain circumstances, negative pledges given by the company prior to his appointment will not be binding on the company. Furthermore, where proposals for a scheme of arrangement are to be formulated, the company may, subject to the approval of the court, affirm or repudiate any contract under which some element of performance other than the payment remains to be rendered both by the company and the other contracting party or parties.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist in the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the relevant Irish court when a minimum of one class of creditors, whose interests are impaired under the proposals, has voted in favour of the proposals and the relevant Irish court is satisfied that such proposals are fair and equitable in relation to any class of member or creditors

who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement and the proposals are not unfairly prejudicial to any interested party.

The fact that the Issuer is a special purpose entity and that all its liabilities are of a limited recourse nature means that it is unlikely that an examiner would be appointed to the Issuer.

If however, for any reason, an examiner were appointed while any amounts due by the Issuer under the Notes were unpaid, the primary risk to the Noteholders would be as follows:

- (a) the potential for a scheme of arrangement to be approved involving the writing down of the debt owed by the Issuer to the holders of Notes as secured by the Deed of Charge and Assignment;
- (b) the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- (c) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the relevant Irish court) will take priority over the monies and liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the secured creditors under the Notes or under any other secured obligations.

Preferred creditors under Irish law

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security that may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (that may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) that have been approved by the Irish courts (see "Examinership" above).

The holder of a fixed security over the book debts of an Irish incorporated company (that would include the Issuer) may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those that the holder received in payment of debts due to it by the company.

Where notice has been given to the Irish Revenue Commissioners of the creation of the security within 21 calendar days of its creation by the holder of the security, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including, but not limited to, liabilities in respect of VAT) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish incorporated company by another person in order to discharge any liabilities of the company in respect of outstanding tax, whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company that are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security. The essence of a fixed charge is that the chargor does not have liberty to deal with the assets that are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the monies or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer, any charge constituted by the Deed of Charge and Assignment may operate as a floating, rather than a fixed charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables, it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Depending upon the level of control actually exercised by the chargor, there is therefore a possibility that the fixed security purported to be created by the Deed of Charge and Assignment would be regarded by the Irish courts as a floating charge.

Floating charges have certain weaknesses, including the following:

- (a) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and the chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;
- (b) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (c) they rank after certain insolvency remuneration expenses and liabilities;
- (d) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (e) they rank after fixed charges.

Restriction on enforcing the Issuer Security

If the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Issuer Security Trustee will not be entitled to dispose of the undertaking, property or assets secured under the Issuer Security or any part thereof or otherwise realise the Issuer Security unless a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Deed of Charge and Assignment to be paid *pari passu* with, or in priority to, the Notes or certain other requirements as more particularly specified in Condition 3(b) (*Security and Priority of Payments*) have been satisfied. See Condition 3(b) (*Security and Priority of Payments*) for further details.

F. CONSIDERATIONS RELATING TO THE LOAN AND THE LOAN SECURITY

Late payment or non-payment of rent

If a significant number of occupiers' rental payments are not received prior to the immediately following Loan Interest Payment Date and any shortfall is not otherwise compensated for from other resources, there may be insufficient cash available to the Borrower and the other Obligors to make payments to the Issuer under the Loan. This will result in reduced amounts being available to the Issuer to make payments on the Notes. This may cause a Note Event of Default unless the Issuer has or obtains other resources. However, no assurance can be given that such resources will be available or sufficient to cover any shortfalls in amounts available to the Issuer to make payments on the Notes.

Prepayment of the Loan

The Borrower may be obliged or may choose, in certain circumstances, to prepay the Loan in whole or in part prior to the Loan Maturity Date (for the purposes of this section "*RISK FACTORS*", Loan Maturity Date meaning 20 May 2020).

These circumstances include, but are not limited to, illegality (in certain circumstances), change of control of certain entities and the receipt of certain disposal, insurance and other proceeds. The Borrower may also be required to prepay a portion of the Loan if certain financial covenants are not met. These circumstances are described in more detail in the section entitled "*SENIOR FACILITY AGREEMENT*".

These events are, in some circumstances, beyond the control of the Borrower and are beyond the control of the Issuer. Any such prepayment will result in the Notes being prepaid earlier than anticipated. Refer to the risk factor above entitled "*Considerations relating to yield and prepayments*" for further details.

Refinancing risk

The Loan may have a substantial remaining principal balance on its scheduled maturity date.

Unless previously repaid, the Loan will be required to be repaid by the Borrower in full on the Loan Maturity Date.

There is no scheduled amortisation under the Loan up to the Expected Maturity Date but to the extent received prior to the Expected Maturity Date, there will be a pass through of Principal Receipts.

The ability of the Borrower to repay the Loan in its entirety on the Loan Maturity Date will depend, among other things, upon its having sufficient available cash or equity and upon their ability to find a lender willing to lend to the Borrower (secured against some or all of the relevant Properties) sufficient funds to enable repayment of the Loan. Such lenders will generally include banks, insurance companies and finance companies. The availability of funds in the credit market fluctuates and during the credit crisis there was an acute shortage of credit to refinance loans such as the Loan. In addition, the availability of assets similar to the Properties, and competition for available credit, may have a significant adverse effect on the ability of potential purchasers to obtain financing for the acquisition of the Properties. There can be no assurance that the Borrower will be able to refinance the Loan on or prior to the Loan Maturity Date.

If the Borrower cannot refinance the Loan, they may be required to sell some or all of the Properties in the then current market conditions in order to repay the Loan. Failure by the Borrower to refinance the Loan or to sell the Properties on or prior to the Loan Maturity Date may result in the Borrower defaulting on the Loan and in their insolvency. See also "*E. CONSIDERATIONS RELATING TO THE INSOLVENCY OF THE OBLIGORS*". In the event of such a default or insolvency, the Noteholders may receive by way of principal repayment an amount less than the then Principal Amount Outstanding on their Notes and the Issuer may be unable to pay in full interest and other amounts due on the Notes.

Valuations

CBRE Limited has produced the Initial Valuation. According to the Initial Valuation, the aggregate market value of the Properties (the "**Market Value**") was £599,455,000 as at 10 April 2015.

Such valuation of the Properties expresses the professional opinion of the relevant valuer on the Properties and is no guarantee of present or future value in respect of the Properties. One valuer may, in respect of a Property, reach a different conclusion than the conclusion that would be reached if a different valuer was appraising the same Property, even if theoretically prepared on the same basis. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing property owner.

There can be no assurance that the market value of the Properties will continue to be equal to or exceed the valuations given in the Initial Valuation or that the value of the Properties has not changed materially since the date of the Initial Valuation. Assumptions often differ from the current facts regarding such matters and are subject to various risks and contingencies, many of which are not within the control of the Issuer, the Note Trustee, the Issuer Security Trustee, the Borrower or any other Issuer Related Party or CBRE Limited. Some of the assumptions in the Initial Valuation might not materialise, and unanticipated events and circumstances may occur or have occurred subsequent to the date of the Initial Valuation.

There can be no assurance that the aggregate Market Value of each of the Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due on the Whole Loan. Therefore, the actual results achieved may vary from the related valuation and such variations may be material. If the Properties are sold following an Event of Default, enforcement of the Issuer Security or a Note Event of Default there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Notes.

Limited payment history

The Whole Loan was advanced in full by way of one drawdown on 17 April 2015. As such, the Loan does not have a substantial payment history on the date of this Offering Circular upon which to base assumptions about future performance of the Borrower.

Risks relating to representations and warranties of the Obligors under the Senior Facility Agreement

Representations and warranties given by an Obligor under the Senior Facility Agreement are to some extent qualified by materiality and the actual knowledge of the Obligor giving such representation or warranty. While reliance on representations and warranties is only commercially possible to the extent that the Obligor is actually able to indemnify the recipient of such representations and warranties, so that a representation already in and as of itself only offers limited protection commercially, representations and warranties which are qualified by the actual knowledge further reduce the ability of a recipient to rely on the absence of the corresponding risks because the recipient would need to provide evidence of the Obligor's actual knowledge of the relevant risk represented which might be difficult if not impossible to demonstrate successfully in practice.

Risks relating to special purpose entity covenants of the Obligors

Special purpose entity covenants are generally designed to limit the purpose of the borrowing entity to owning the related property, making payments on the related loan and taking such other actions as may be necessary to carry out the foregoing in order to reduce the risk that circumstances unrelated to the loan and related property result in borrower insolvency. Special purpose entities are generally used in commercial loan transactions to satisfy requirements of institutional lenders and recognised credit rating agencies. In order to minimise the possibility that special purpose entities will be the subject of insolvency proceedings, provisions are generally contained in the borrower's documentation relating to the loan which, among other things, limit the indebtedness that can be incurred by such entities and restrict such entities from conducting business as an operating company generally (thus limiting exposure to outside creditors).

The Senior Facility Agreement contains provisions that require the Obligors to conduct themselves in accordance with certain special purpose entity covenants. Each Obligor represents that it does not have, and has not had, any employees. However, there can be no assurance that all or most of the special purpose entity covenants will be complied with by the Obligors (however, a breach of an undertaking or representation would, in certain circumstances, lead to an Event of Default) and even if all or most of such restrictions have been complied with by the Obligors there can be no assurance that the Obligors will not nonetheless become insolvent.

Limitations of representations and warranties given by the Sellers

Neither the Issuer nor the Issuer Security Trustee has undertaken or will undertake any investigations, searches or other actions as to the Sellers' status, and each will rely instead solely on the warranties given by the Sellers in respect of such matters in the Loan Sale Agreement. In the event of a material breach of Loan Warranty (as defined below) (which is capable of being remedied, but not remedied within the period specified in the Loan Sale Agreement), the Sellers will be entitled (but will not be obliged) as an alternative to indemnifying the Issuer against all losses, claims, demands, taxes and other expenses or liabilities incurred by the Issuer as a result of such breach, to repurchase the Loan. For further details see the section entitled "*SALE OF ASSETS*".

Realisation of Transaction Security

The Transaction Security is held by the Security Agent for the benefit of the Issuer (in relation to the Loan) and the other Finance Parties under the Senior Facility Agreement (in relation to the Whole Loan).

The proceeds from realisation of the Transaction Security will be distributed by the Security Agent to the Finance Parties on a *pro rata* basis. As the Issuer will only be a lender for £100,000,000 of the Whole Loan, it will only be entitled to the enforcement proceeds of the Transaction Security that pertain to its percentage interest in the Whole Loan as at the relevant date. The other lenders and Finance Parties will be entitled to the remaining proceeds (as at the relevant date). Similarly, every payment of principal and interest made under the Whole Loan to the lenders in their capacity as such will be distributed on a proportionate basis between the Issuer and such lenders.

Mortgagee in possession liability

The Security Agent may be deemed to be a mortgagee in possession if there is physical entry into possession of any Property or an act of control or influence which may amount to possession (such as receiving rents directly from the relevant tenant or sub-tenant). A mortgagee in possession may incur liabilities to third parties in

nuisance and negligence and, under certain statutes (including environmental legislation) and in certain circumstances, can incur the liabilities of a property owner.

Transaction Security enforcement

In the event of acceleration of the Loan, recourse will be available only to the Transaction Security. Enforcement under the Transaction Security Documents may not result in immediate realisation of the Transaction Security and a significant delay could be experienced in recovery by the Security Agent of, amongst other things, amounts owed under the Loan.

There can be no assurance that the Security Agent would recover all amounts secured upon enforcement of the Transaction Security.

Accordingly, sufficient funds may not be realised or available to make all required payments to the Issuer under the Loan and, accordingly, the Issuer may not have sufficient funds available to make all required payments to the Noteholders and other Issuer Secured Creditors.

Certain terms (unless all Lenders' consent is expressly required) of the Finance Documents can be amended or waived with the consent of the Majority Lenders. There can be no guarantee that the Issuer will be the Majority Lender at any time during the term of the Notes. If the Issuer is at any time not the Majority Lender, it will only be able to refuse to grant consent in all Lender decisions and will not be able to control any Majority Lender decisions. This means that amendments and waivers in respect of the Finance Documents will be able to be approved without the Issuer's consent.

Risks relating to clawback under the Senior Facility Agreement

The Senior Facility Agreement provides that if the Facility Agent pays an amount to another party (including the Issuer) without actually receiving that amount, then such party to whom payment has been made shall on demand refund the amount paid to the Facility Agent together with interest on that amount from the date of payment to the date of receipt by the Facility Agent, calculated to reflect the Facility Agent's cost of funds.

In addition, if the Issuer (or the Cash Manager on its behalf) receives or recovers an amount from an Obligor other than by means of a payment or distribution made by the Facility Agent in accordance with the Senior Facility Agreement, it may be required to repay all or some of such amount to the Facility Agent.

Accordingly, the amounts received by the Issuer and ultimately the Noteholders may in the circumstances outlined above have to be repaid to the Facility Agent. In this scenario, the Issuer (or the Cash Manager on its behalf) would need to recover such amounts from Noteholders in accordance with Condition 7(h) (*Incorrect Payments*) in the first instance and then transfer such funds to the Facility Agent. See also "*Risks relating to the Calculation of Amounts and Payments*" above.

G. CONFLICTS OF INTEREST

Conflicts between the Originator, the Arranger, the Joint Lead Managers, the Sellers and affiliates of the Originator, the Arranger, the Joint Lead Managers or the Sellers, on one hand, and the Issuer, on the other hand

Conflicts of interest between affiliates of the Originator, the Arranger, the Joint Lead Managers or the Sellers that engage in the acquisition, development, operation, financing and disposal of commercial property, the Originator, the Arranger, the Joint Lead Managers and the Sellers, on one hand, and the Issuer, on the other hand, may arise because such affiliates, the Originator, the Arranger, the Joint Lead Managers and the Sellers will not be prohibited in any way from engaging in business activities similar to or competitive with those of the Obligors.

The Originator, the Arranger, the Joint Lead Managers, the Sellers and their respective affiliates, intend to continue to actively acquire, develop, operate, finance and dispose of property related assets in the ordinary course of their businesses. During the course of their business activities, the Originator, the Arranger, the Joint Lead Managers, the Sellers and their respective affiliates may provide liquidity facility and swap counterparty services or acquire, own or sell properties or finance loans secured by properties which are in the same markets as the Properties. In such a case, the interests of such affiliates, the Originator, the Arranger, the Joint Lead

Managers and/or the Sellers may differ from and compete with the interests of the Issuer, and decisions made with respect to such assets may adversely indirectly affect the amount and timing of distributions with respect to the Notes.

In addition, the Originator, the Arranger, the Joint Lead Managers and the Sellers and their respective affiliates may have business, lending or other relationships with, or equity investments in, obligors under loans or tenants and conflicts of interest could arise between the interests of the Issuer and the interests of the Originator, the Arranger, the Joint Lead Managers, the Sellers and such affiliates arising from such business relationships.

H. GENERAL: RISKS NOT EXHAUSTIVE

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

**DESCRIPTION OF THE NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE CASH
MANAGER, THE OPERATING BANK, THE AGENT BANK, THE PRINCIPAL PAYING AGENT
AND REGISTRAR**

ELAVON FINANCIAL SERVICES LIMITED

U.S. Bank Global Corporate Trust Services, which is a trading name of Elavon Financial Services Limited (a U.S. Bancorp group company), is an integral part of the worldwide Corporate Trust business of U. S. Bank. U.S. Bank Global Corporate Trust Services in Europe conducts business primarily through the U.K. Branch of Elavon Financial Services Limited from its offices in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Elavon Financial Services Limited is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services Limited is authorised by the Central Bank of Ireland and the activities of its U.K. Branch are also subject to the limited regulation of the U.K. Financial Conduct Authority and Prudential Regulation Authority.

U.S. Bank Global Corporate Trust Services in combination with U. S. Bank National Association, the legal entity through which the Corporate Trust Division conducts business in the United States, is one of the world's largest providers of trustee services with more than \$4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of 48 U.S.-based offices, an Argentinean office and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB), with \$410 billion in assets at March 31, 2015, is the parent company of U.S. Bank National Association, the 5th largest commercial bank in the United States. The Company operates 3,172 banking offices in 25 states and 5,016 ATMs and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. Visit U.S. Bancorp on the web at usbank.com.

U.S. BANK TRUSTEES LIMITED

U.S. Bank Trustees Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, London, EC2N 1AR, United Kingdom.

U.S. Bank Trustees limited, as part of the U.S. Bancorp group and in combination with Elavon Financial Services Limited (the legal entity through which European agency and banking appointments are conducted) and U.S. Bank National Association, (the legal entity through which the Corporate Trust Division conducts business in the United States), is one of the world's largest providers of trustee services with more than \$4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of 48 U.S.-based offices, an Argentinean office and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB), with \$410 billion in assets at March 31, 2015, is the parent company of U.S. Bank, the 5th largest commercial bank in the United States. The company operates 3,172 banking offices in 25 states and 5,016 ATMs and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

THE BORROWER

The Borrower

The Borrower is GREP London Portfolio II Trustee 1 Limited (a company incorporated in Jersey with registered number 117904) ("**Trustee 1**") and GREP London Portfolio II Trustee 2 Limited (a company incorporated in Jersey with registered number 117905) ("**Trustee 2**", together with Trustee 1, the "**JPUT Trustees**"), both of 22 Grenville Street, St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS London Portfolio II Unit Trust, a Jersey property unit trust constituted under the laws of Jersey ("**Borrower JPUT**"). The Borrower can be contacted at +44 1534 676 000.

GS London Portfolio II Unit Trust

Corporate Structure

The Borrower JPUT is a Jersey property unit trust constituted under the laws of Jersey pursuant to a trust instrument dated 10 March 2015 by GREP London Portfolio II Master Trustee Limited (the "**Original Trustee**") as amended and restated on 7 April 2015 pursuant to a supplemental trust instrument by the Original Trustee and as amended by an instrument of retirement, indemnity and appointment of trustees dated 7 April 2015 between the Original Trustee and the JPUT Trustees and as amended from time to time (the "**Borrower Trust Instrument**"). The Borrower is required to make a representation at each Loan Interest Payment Date under the Senior Facility Agreement that without prejudice to its status under English law, it is not a collective investment fund under Jersey law¹.

Under the terms of the Borrower Trust Instrument, the JPUT Trustees act as joint trustees of the Borrower. GREP London Portfolio Master Trustee Limited, of 22 Grenville Street, St. Helier, Jersey, JE4 8PX acting in its capacity as trustee of GS London Portfolio II Holding Unit Trust (the "**Borrower Majority Unitholder**"), holds 49,925,000 ordinary units issued at a unit price of £1.00 each in the Borrower and GS Nido Minority Holder, LLC, of Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 (the "**Minority Unitholder**"), holds 75,000 ordinary units issued at a unit price of £1.00 each in the Borrower. The Borrower Majority Unitholder and the Minority Unitholder are the two unit holders of the Borrower. The Borrower JPUT has no legal personality of its own and acts solely through the JPUT Trustees (acting in their capacities as joint trustees of the Borrower JPUT).

Any liabilities of the Borrower arising under the Senior Facility Agreement and the Finance Documents (as defined in the Senior Facility Agreement) to which it is a party are the liabilities of the JPUT Trustees in their capacities as trustees of the Borrower JPUT. Such liabilities are not liabilities of the JPUT Trustees in their own respective corporate capacities unless such liabilities arise by fraud, breach of trust, gross negligence or wilful misconduct on the part of either of the JPUT Trustees. Recourse against the Borrower under the Senior Facility Agreement and the Finance Documents (as defined in the Senior Facility Agreement) to which it is a party only extends to the value of the assets of the JPUT Trustees in their capacities as joint trustees of the Borrower JPUT.

Principal Activities

The principal activity of the Borrower is to hold 99.85% of the units in each of the GS Kings Cross Unit Trust, the GS Notting Hill Unit Trust and the GS Spitalfields Unit Trust.

Control of the Borrower

Other than the general restrictive provisions in the Senior Facility Agreement in respect of control of the Borrower, the units held by the Borrower Majority Unitholder and the Minority Unitholder in the Borrower are secured in favour of the Security Agent.

The Borrower Majority Unitholder and the Minority Unitholder as unitholders of the Borrower have the sole discretion to pass ordinary and special resolutions of the Borrower in a general meeting or by means of a written resolution.

¹ Specifically, under the Collective Investment Funds (Jersey) Law 1988.

Borrower's title to assets

The Borrower JPUT holds the freehold title of each of the KX Property and the SF Property. The various intra-group long leasehold interests granted out of the freehold interest of the KX Property and the SF Property are held by Trustee 1 and Trustee 2 as joint trustees on and on behalf of GS Kings Cross Unit Trust and by Trustee 1 and Trustee 2 as joint trustees on and on behalf of GS Spitalfields Unit Trust, respectively. The freehold title of the NH Property is held by Trustee 1 and Trustee 2 as joint trustees for and on behalf of GS Notting Hill Unit Trust.

Auditor and historical financial information

Although, pursuant to the terms of the Borrower Trust Instrument, the JPUT Trustees are required to prepare annual audited accounts of the Borrower JPUT, there is no requirement for the JPUT Trustees or the Borrower to file accounts (audited or otherwise) in Jersey.

Legal and arbitration proceedings

The Borrower is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Borrower is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Borrower's financial position or profitability.

GREP London Portfolio II Trustee 1 Limited as joint trustee of GS London Portfolio II Unit Trust

Corporate Structure

Trustee 1 is a limited company incorporated in Jersey on 27 February 2015 under the Companies (Jersey) Law 1991, with registration number 117904, having its registered office at 22 Grenville Street St Helier Jersey JE4 8PX.

The articles of association of Trustee 1 ("**Trustee 1's Articles**") were adopted at incorporation. As at the date of this Offering Circular, the directors of Trustee 1 are Edward Fletcher, Louise Follain and Stephen McGrath, all of 22 Grenville Street St Helier Jersey JE4 8PX.

MO Nominees (Jersey) One Limited holds 100% of the issued capital of Trustee 1.

Principal Activities

The principal activity of Trustee 1 is to act as a special purpose trustee vehicle.

Control of Trustee 1

There are no specific measures in place as to control of Trustee 1 in its own corporate capacity.

Potential Conflicts of Interests

The directors of Trustee 1 may from time to time act as directors, or be otherwise involved in, other companies which may have similar objectives to those of Trustee 1. It is therefore possible that any of them may, in the course of their business, have potential conflicts of interests with Trustee 1. Each will respectively endeavour to ensure that such conflicts are resolved fairly and in accordance with the obligations applicable to such party. As of the date of this Offering Circular there are no principal activities performed by them outside Trustee 1 where these are significant with respect to Trustee 1.

Trustee 1's title to assets

Trustee 1 in its capacity as joint trustee of the Borrower JPUT (together with Trustee 2) holds the legal title to the assets of the Borrower.

Auditor and historical financial information

Although, pursuant to the terms of Trustee 1's Articles, the directors of Trustee 1 are required to prepare accounts, there is no requirement for Trustee 1 to file accounts (audited or otherwise) in Jersey.

Legal and arbitration proceedings

Trustee 1 is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Trustee 1 is aware) which may have, or have had, since the date of its incorporation, a significant effect on Trustee 1's financial position or profitability.

GREP London Portfolio II Trustee 2 Limited as joint trustee of GS London Portfolio II Unit Trust

Corporate Structure

Trustee 2 is a limited company incorporated in Jersey on 27 February 2015 under the Companies (Jersey) Law 1991, with registration number 117905, having its registered office at 22 Grenville Street St Helier Jersey JE4 8PX.

The articles of association of Trustee 2 ("**Trustee 2's Articles**", together with Trustee 1's Articles, the "**Trustee Articles**") were adopted at incorporation. As at the date of this Offering Circular, the directors of Trustee 2 are Edward Fletcher, Louise Follain and Stephen McGrath, all of 22 Grenville Street St Helier Jersey JE4 8PX.

MO Nominees (Jersey) One Limited holds 100% of the issued capital of Trustee 2.

Principal Activities

The principal activity of Trustee 2 is to act as a special purpose trustee vehicle.

Control of Trustee 2

There are no specific measures in place as to control of Trustee 2 in its own corporate capacity.

Potential Conflicts of Interests

The directors of Trustee 2 may from time to time act as directors, or be otherwise involved in, other companies which may have similar objectives to those of Trustee 2. It is therefore possible that any of them may, in the course of their business, have potential conflicts of interests with Trustee 2. Each will respectively endeavour to ensure that such conflicts are resolved fairly and in accordance with the obligations applicable to such party. As of the date of this Offering Circular there are no principal activities performed by them outside Trustee 2 where these are significant with respect to Trustee 2.

Trustee 2's title to assets

Trustee 2 in its capacity as joint trustee of the Borrower JPUT (together with Trustee 1) holds the legal title to the assets of the Borrower.

Auditor and historical financial information

Although, pursuant to the terms of Trustee 2's Articles, the directors of Trustee 2 are required to prepare accounts, there is no requirement for Trustee 2 to file accounts (audited or otherwise) in Jersey.

Legal and arbitration proceedings

Trustee 2 is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Trustee 2 is aware) which may have, or have had, since the date of its incorporation, a significant effect on Trustee 2's financial position or profitability.

GREP London Portfolio Master Trustee Limited (acting in its capacity as trustee of GS London Portfolio II Holding Unit Trust) as majority unitholder of GS London Portfolio II Unit Trust

Corporate Structure

GREP London Portfolio Master Trustee Limited (“**the Master Trustee**”) acts as trustee of GS London Portfolio II Holding Unit Trust (the “**Master JPUT**”), a unit trust constituted under the laws of Jersey.

The Master JPUT is a unit trust constituted under the laws of Jersey pursuant to a trust instrument dated 7 April 2015 by the Master Trustee as amended from time to time (the “**Master JPUT Trust Instrument**”).

Under the terms of the Master JPUT Trust Instrument, the Master Trustee acts as trustee of the Master JPUT. PSPIB-RE-UK Inc. of 1250 Rene-Levesque Blvd West, Suite 900, Montreal, Quebec, Canada H3B 4W8, holds 45,000,000 ordinary units issued at a unit price of £1.00 each in the Master JPUT and Greystar Nido Portfolio Investors, LLC, with its registered address at Corporation Trust Center, 1209 Orange Street, City of Wilmington, New Castle County, Delaware 19801, holds 5,000,001 ordinary units issued at a unit price of £1.00 each in the Master JPUT. PSPIB-RE-UK Inc. and Greystar Nido Portfolio Investors LLC are the two unit holders of the Master JPUT. The Master JPUT has no legal personality of its own and acts solely through the Master Trustee (acting in its capacity as trustee of the Master JPUT).

The Master Trustee is a limited company incorporated in Jersey on 27 February 2015 under the Companies (Jersey) Law 1991, with registration number 117903, having its registered office at 22 Grenville Street St Helier Jersey JE4 8PX.

The articles of association of the Master Trustee (the “**Master Trustee's Articles**”) were adopted at incorporation; the directors of the Master Trustee were Edward Fletcher, Louise Follain and Stephen McGrath (as at 16 April 2015).

MO Nominees (Jersey) One Limited holds 100% of the issued capital of the Master Trustee.

Principal Activities Activities of the Master Trustee and the Master JPUT

The principal activity of the Master JPUT is to hold 99.85% of the units in the Borrower.

The principal activity of the Master Trustee is to act as a special purpose trustee vehicle.

Control of the Master Trustee and the Master JPUT

There are no specific measures in place to ensure that control of the Master Trustee (in its own corporate capacity) or the Master JPUT (by its unitholders) is not abused.

Master Trustee's and Master JPUT's title to assets

The Master Trustee (in its capacity as trustee of the Master JPUT) holds legal title to the assets of the Master JPUT. PSPIB-RE-UK Inc and Greystar Real Estate Partners LLC are each entitled to an undivided share of the assets of the Master JPUT in proportion to their unitholding in the Master JPUT.

Auditor and historical financial information

Although, pursuant to the terms of the Master JPUT Trust Instrument, the Master Trustee is required to prepare annual audited accounts of the Master JPUT and, pursuant to the terms of the articles of association of the Master Trustee, the directors of the Master Trustee are required to prepare accounts, there is no requirement for the Master Trustee or the Master JPUT to file accounts (audited or otherwise) in Jersey.

Legal and arbitration proceedings

The Master Trustee (in its capacity as trustee of the Master JPUT) is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Master Trustee (in its capacity as trustee of the Master JPUT) is aware) which may have, or have

had, since the date of its incorporation, a significant effect on the Master Trustee's (in its capacity as trustee of the Master JPUT) financial position or profitability.

GS Nido Minority Holder, LLC as minority unitholder of GS London Portfolio II Unit Trust

Corporate Structure

GS Nido Minority Holder, LLC was organised as a limited liability company on 4 March 2015 under the laws of the State of Delaware with file number 5703924. The Minority Unitholder's registered office is at Corporation Trust Center, 1209 Orange Street, City of Wilmington, New Castle County, Delaware 19801 and its principal office is at c/o Greystar Real Estate Partners, LLC, 18 Broad Street, 3rd Floor, Charleston, South Carolina 29401.

The Managing Member of the Minority Unitholder is Greystar Real Estate Partners, LLC.

Principal Activities

The principal activities of the Minority Unitholder are to engage in any lawful act or activity for which a limited liability company may be organised under the Delaware Limited Liability Company Act, and for the Minority Unitholder to purchase units in, among other things, the GS Kings Cross Unit Trust, the GS Notting Hill Unit Trust and the GS Spitalfields Unit Trust.

Control of Borrower

Other than the general restrictive provisions in the Senior Facility Agreement in respect of control of the Borrower JPUT, the units held by the Borrower Majority Unitholder and the Minority Unitholder in the Borrower are secured in favour of the Security Agent.

The Borrower Majority Unitholder and the Minority Unitholder as unitholders of the Borrower JPUT have the sole discretion to pass ordinary and special resolutions of the Borrower JPUT in a general meeting or by means of a written resolution.

Minority Unitholder's title to assets

The Minority Unitholder is entitled to an undivided share of assets of the Borrower JPUT in proportion to their unitholding in the Borrower JPUT.

Auditor and historical financial information

For financial accounting and tax purposes, the Minority Unitholder's net profits or net losses shall be determined on an annual basis in accordance with the manner determined by Greystar Real Estate Partners, LLC, its Managing Member. In each year, profits and losses shall be allocated entirely to Greystar Real Estate Partners, LLC. There is no requirement for the Minority Unitholder to file accounts (audited or otherwise) in the State of Delaware.

Legal and arbitration proceedings

The Minority Unitholder is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Minority Unitholder is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Minority Unitholder's financial position or profitability.

THE ORIGINAL GUARANTORS

The Original Guarantors

The Original Guarantors are:

- (a) The Borrower;
- (b) GREP London Portfolio II Trustee 1 Limited (a company incorporated in Jersey with registered number 117904) and GREP London Portfolio II Trustee 2 Limited (a company incorporated in Jersey with registered number 117905), both of 22 Grenville Street, St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS Notting Hill Unit Trust, a unit trust constituted under the laws of Jersey (“**GS Notting Hill**”);
- (c) GREP London Portfolio II Trustee 1 Limited (a company incorporated in Jersey with registered number 117904) and GREP London Portfolio II Trustee 2 Limited (a company incorporated in Jersey with registered number 117905), both of 22 Grenville Street, St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS King’s Cross Unit Trust, a unit trust constituted under the laws of Jersey (“**GS King’s Cross**”); and
- (d) GREP London Portfolio II Trustee 1 Limited (a company incorporated in Jersey with registered number 117904) and GREP London Portfolio II Trustee 2 Limited (a company incorporated in Jersey with registered number 117905), both of 22 Grenville Street, St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS Spitalfields Unit Trust, a unit trust constituted under the laws of Jersey (“**GS Spitalfields**”).

GS London Portfolio II Unit Trust (as Original Guarantor)

The Borrower has guaranteed the punctual performance by each other Obligor (as defined in the Senior Facility Agreement) of all of that Obligor's obligations under the Finance Documents (as defined in the Senior Facility Agreement)

GS Notting Hill Unit Trust (as Original Guarantor)

The JPUT Trustees in their capacities as joint trustees of GS Notting Hill, a unit trust constituted under the laws of Jersey.

Corporate Structure

GS Notting Hill is a unit trust constituted under the laws of Jersey pursuant to a trust instrument dated 7 April 2015 between the JPUT Trustees and as amended from time to time (the “**GS Notting Hill Trust Instrument**”).

Under the terms of the GS Notting Hill Trust Instrument, the JPUT Trustees act as joint trustees of GS Notting Hill. The JPUT Trustees (acting in their capacities as joint trustees of the Borrower), hold 99.85 ordinary units issued at a unit price of £1.00 each in GS Notting Hill and the Minority Unitholder, holds 0.15 ordinary units issued at a unit price of £1.00 each in GS Notting Hill. The JPUT Trustees (acting in their capacities as joint trustees of the Borrower) and the Minority Unitholder are the two unit holders of GS Notting Hill. GS Notting Hill has no legal personality of its own and acts solely through the JPUT Trustees (acting in their capacities as joint trustees of GS Notting Hill).

Principal Activities

The principal activity of GS Notting Hill is to hold the NH Property (as defined in the Senior Facility Agreement)

The principal activity of the JPUT Trustees is to act as a special purpose trustee vehicles.

Control of the JPUT Trustees and GS Notting Hill

Other than the general restrictive provisions in the Senior Facility Agreement in respect of control of GS Notting Hill, the units held by the JPUT Trustees (acting in their capacities as joint trustees of the Borrower) and the Minority Unitholder are secured in favour of the Security Agent.

There are no specific measures in place as to control of the JPUT Trustees in their own corporate capacities.

GS Notting Hill's title to assets

The JPUT Trustees (in their capacities as joint trustees of GS Notting Hill) hold legal title to the assets of GS Notting Hill. The JPUT Trustees (acting in their capacities as joint trustees of the Borrower) and the Minority Unitholder are each entitled to an undivided share of the assets of GS Notting Hill in proportion to their unitholding in GS Notting Hill.

Auditor and historical financial information

Although, pursuant to the terms of the GS Notting Hill Trust Instrument, the JPUT Trustees are required to prepare annual audited accounts of GS Notting Hill and, pursuant to the terms of the articles of association of each JPUT Trustee, the JPUT Trustees are required to prepare accounts, there is no requirement for the JPUT Trustees or GS Notting Hill to file accounts (audited or otherwise) in Jersey.

Legal and arbitration proceedings

The JPUT Trustees (in their capacities as joint trustees of GS Notting Hill) are not, and have not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the JPUT Trustees (in their capacities as joint trustees of GS Notting Hill) are aware) which may have, or have had, since the date of its incorporation, a significant effect on the JPUT Trustees' (in their capacities as joint trustees of GS Notting Hill) financial position or profitability.

GS King's Cross Unit Trust (as Original Guarantor)

The JPUT Trustees in their capacities as joint trustees of GS Kings Cross, a unit trust constituted under the laws of Jersey.

Corporate Structure

GS Kings Cross is a unit trust constituted under the laws of Jersey pursuant to a trust instrument dated 7 April 2015 between the JPUT Trustees and as amended from time to time (the "**GS Kings Cross Trust Instrument**").

Under the terms of the GS Kings Cross Trust Instrument, the JPUT Trustees act as joint trustees of GS Kings Cross. The JPUT Trustees (acting in their capacities as joint trustees of the Borrower), hold 99.85 ordinary units issued at a unit price of £1.00 each in GS Kings Cross and the Minority Unitholder, holds 0.15 ordinary units issued at a unit price of £1.00 each in GS Kings Cross. The JPUT Trustees (acting in their capacities as joint trustees of the Borrower) and the Minority Unitholder are the two unit holders of GS Kings Cross. GS Kings Cross has no legal personality of its own and acts solely through the JPUT Trustees (acting in their capacities as joint trustees of GS Kings Cross).

Principal Activities

The principal activity of GS Kings Cross is to hold the KX Property (as defined in the Senior Facility Agreement).

The principal activity of the JPUT Trustees is to act as a special purpose trustee vehicles.

Control of the JPUT Trustees and GS Kings Cross

Other than the general restrictive provisions in the Senior Facility Agreement in respect of control of GS Kings Cross, the units held by the JPUT Trustees (acting in their capacities as joint trustees of the Borrower) and the Minority Unitholder are secured in favour of the Security Agent.

There are no specific measures in place as to control of the JPUT Trustees in their own corporate capacities.

GS Kings Cross' title to assets

The JPUT Trustees (in their capacities as joint trustees of GS Kings Cross) hold legal title to the assets of GS Kings Cross. The JPUT Trustees (acting in their capacities as joint trustees of the Borrower) and the Minority Unitholder are each entitled to an undivided share of the assets of GS Kings Cross in proportion to their unitholding in GS Kings Cross.

Auditor and historical financial information

Although, pursuant to the terms of the GS Kings Cross Trust Instrument, the JPUT Trustees are required to prepare annual audited accounts of GS Kings Cross and, pursuant to the terms of the articles of association of each JPUT Trustee, the JPUT Trustees are required to prepare accounts, there is no requirement for the JPUT Trustees or GS Kings Cross to file accounts (audited or otherwise) in Jersey.

Legal and arbitration proceedings

The JPUT Trustees (in their capacities as joint trustees of GS Kings Cross) are not, and have not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the JPUT Trustees (in their capacities as joint trustees of GS Kings Cross) are aware) which may have, or have had, since the date of its incorporation, a significant effect on the JPUT Trustees' (in their capacities as joint trustees of GS Kings Cross) financial position or profitability.

GS Spitalfields Unit Trust (as Original Guarantor)

The JPUT Trustees in their capacities as joint trustees of GS Spitalfields, a unit trust constituted under the laws of Jersey.

Corporate Structure

GS Spitalfields is a unit trust constituted under the laws of Jersey pursuant to a trust instrument dated 7 April 2015 between the JPUT Trustees and as amended from time to time (the “**GS Spitalfields Trust Instrument**”).

Under the terms of the GS Spitalfields Trust Instrument, the JPUT Trustees act as joint trustees of GS Spitalfields. The JPUT Trustees (acting in their capacities as joint trustees of the Borrower), hold 99.85 ordinary units issued at a unit price of £1.00 each in GS Spitalfields and the Minority Unitholder, holds 0.15 ordinary units issued at a unit price of £1.00 each in GS Spitalfields. The JPUT Trustees (acting in their capacities as joint trustees of the Borrower) and the Minority Unitholder are the two unit holders of GS Spitalfields. GS Spitalfields has no legal personality of its own and acts solely through the JPUT Trustees (acting in their capacities as joint trustees of GS Spitalfields).

Principal Activities

The principal activity of GS Spitalfields is to hold the SF Property (as defined in the Senior Facility Agreement).

The principal activity of the JPUT Trustees is to act as special purpose trustee vehicles.

Control of the JPUT Trustees and GS Spitalfields

Other than the general restrictive provisions in the Senior Facility Agreement in respect of control of GS Spitalfields, the units held by the JPUT Trustees (acting in their capacities as joint trustees of the Borrower) and the Minority Unitholder are secured in favour of the Security Agent.

There are no specific measures in place as to control of the JPUT Trustees in their own corporate capacities.

GS Spitalfields' title to assets

The JPUT Trustees (in its capacities as joint trustees of GS Spitalfields) hold legal title to the assets of GS Spitalfields. The JPUT Trustees (acting in their capacities as joint trustees of the Borrower) and the Minority Unitholder are each entitled to an undivided share of the assets of GS Spitalfields in proportion to their unitholding in GS Spitalfields.

Auditor and historical financial information

Although, pursuant to the terms of the GS Spitalfields Trust Instrument, the JPUT Trustees are required to prepare annual audited accounts and, pursuant to the terms of the articles of association of each JPUT Trustee, the JPUT Trustees are required to prepare accounts, there is no requirement for the JPUT Trustees or GS Spitalfields to file accounts (audited or otherwise) in Jersey.

Legal and arbitration proceedings

The JPUT Trustees (in their capacities as joint trustees of GS Spitalfields) are not, and have not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the JPUT Trustees (in their capacities as joint trustees of GS Spitalfields) are aware) which may have, or have had, since the date of its incorporation, a significant effect on the JPUT Trustees' (in their capacities as joint trustees of GS Spitalfields) financial position or profitability.

THE ADDITIONAL GUARANTORS

The Additional Guarantors

The following English companies became Additional Guarantors pursuant to an accession letter dated 17 April 2015:

- (a) Nido Notting Hill Limited, a company incorporated in England and Wales under the Companies Act 2006 with registration number 07113525, having its registered office at 21 Great Winchester Street, London EC2N 2JA;
- (b) Nido King's Cross Limited, a company incorporated in England and Wales under the Companies Act 1985 with registration number 06002315, having its registered office at 21 Great Winchester Street, London EC2N 2JA;
- (c) KX Residential Limited, a company incorporated in England and Wales under the Companies Act 1985 with registration number 06691908, having its registered office at 21 Great Winchester Street, London EC2N 2JA;
- (d) MX Residential Limited, a company incorporated in England and Wales under the Companies Act 1985 with registration number 06959655, having its registered office at 21 Great Winchester Street, London EC2N 2JA; and
- (e) Nido Spitalfields Limited, a company incorporated in England and Wales under the Companies Act 1985 with registration number 06059074, having its registered office at 21 Great Winchester Street, London EC2N 2JA,

(together, the “**English Obligors**”).

The following companies, each a société à responsabilité limitée incorporated under the laws of the Duchy of Luxembourg (the “**Luxembourg Obligors**”), also became Additional Guarantors pursuant to an accession letter dated 17 April 2015:

- (a) Nido London Properties S.à r.l.;
- (b) Nido Notting Hill S.à r.l.;
- (c) King's Cross S.à r.l.;
- (d) Middlesex JV S.à r.l.;
- (e) King's Cross Residential S.à r.l.;
- (f) King's Cross Student Housing S.à r.l.;
- (g) King's Cross Retail S.à r.l.;
- (h) Middlesex S.à r.l.;
- (i) Middlesex Student Housing S.à r.l.;
- (j) Middlesex Retail S.à r.l.; and
- (k) Middlesex Residential S.à r.l.

Each of the Luxembourg Obligors was dissolved by way of simplified liquidation on or about 17 April 2015 as part of the permitted restructuring under the Senior Facility Agreement (the “**Permitted Restructuring**”). Upon the dissolution of the Luxembourg Obligors, all of the assets and liabilities (including all freehold and leasehold property interests) held by each of these entities were transferred to the Original Guarantors.

Nido Notting Hill Limited (as Additional Guarantor)

Nido Notting Hill Limited is a limited company incorporated in England and Wales on 29 December 2009 under the Companies Act 2006, with registration number 07113525, having its registered office at 21 Great Winchester Street, London EC2N 2JA and telephone number 020 3595 3333.

Nido Notting Hill Limited is a special purpose vehicle whose sole business is to own the Property. It does not have any employees. It has no subsidiaries.

The articles of association (the “**Articles**”) of Nido Notting Hill Limited were adopted by special resolution on 8 February 2010. As at 10 September 2015, the directors of Nido Notting Hill Limited were Wesley Fuller, service address 21 Great Winchester Street, London EC2N 2JA, and Joshua Carper, service address Suite 300, 18 Broad Street, Charleston, South Carolina 29401.

GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of GS Notting Hill Unit Trust, hold a 100% share in Nido Notting Hill Limited.

Nido Notting Hill Limited has confirmed that as at the date of this Offering Circular it has no conflict or potential conflict of interest in relation to any of the transactions described in this Offering Circular.

Control of Nido Notting Hill Limited

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of Nido Notting Hill Limited by its shareholder is not abused.

As the only shareholder of Nido Notting Hill Limited, GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of GS Notting Hill Unit Trust, have the sole discretion to pass ordinary and special resolutions in a general meeting or by means of a written resolution.

Nido Notting Hill Limited’s title to assets

Legal title to all of the Properties of Nido Notting Hill Limited is held in its own the name.

Auditor and historical financial information

The annual accounts of Nido Notting Hill Limited for the period ended 31 July 2014 were audited by Deloitte LLP and filed on 28 January 2015. A copy of such audited accounts is attached at Appendix 4 of this Offering Circular. The profit on ordinary activities after taxation for the period was £65,367. The directors did not recommend the payment of a dividend.

Insofar as the Issuer is aware and is able to ascertain from information published by Nido Notting Hill Limited, there has been no material adverse change in the prospects and there has been no significant change in the financial or trading position of Nido Notting Hill Limited since 31 July 2014, the date of the last published audited financial statements as disclosed in this Offering Circular.

Legal and arbitration proceedings

Nido Notting Hill Limited is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Nido Notting Hill Limited is aware) which may have, or have had, since the date of its incorporation, a significant effect on Nido Notting Hill Limited’s financial position or profitability.

Nido King’s Cross Limited (as Additional Guarantor)

Nido King’s Cross Limited is a limited company incorporated in England and Wales on 17 November 2006 under the Companies Act 1985, with registration number 06002315, having its registered office at 21 Great Winchester Street, London EC2N 2JA and telephone number 020 3595 3333 .

Nido King's Cross Limited is a special purpose vehicle whose sole business is to own the Property. It does not have any employees. It has no subsidiaries.

The articles of association (the "**Articles**") of Nido King's Cross Limited were filed at Companies House on 26 February 2007 and were amended on 31 May 2012. As at 10 September 2015, the directors of Nido King's Cross Limited were Wesley Fuller, service address 21 Great Winchester Street, London EC2N 2JA, and Joshua Carper, service address Suite 300, 18 Broad Street, Charleston, South Carolina 29401.

GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of GS King's Cross Unit Trust, hold a 100% share in Nido King's Cross Limited.

Nido King's Cross Limited has confirmed that as at the date of this Offering Circular it has no conflict or potential conflict of interest in relation to any of the transactions described in this Offering Circular.

Control of Nido King's Cross Limited

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of Nido King's Cross Limited by its shareholder is not abused.

As the only shareholder of Nido King's Cross Limited, GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of GS King's Cross Unit Trust, have the sole discretion to pass ordinary and special resolutions in a general meeting or by means of a written resolution.

Nido King's Cross Limited's title to assets

Legal title to all of the Properties of Nido King's Cross Limited is held in its own name.

Auditor and historical financial information

The annual accounts of Nido King's Cross Limited for the period ended 31 July 2014 were audited by Deloitte LLP and filed on 28 January 2015. A copy of such audited accounts is attached at Appendix 4 of this Offering Circular. The profit on ordinary activities after taxation for the period was £219,861. The directors did not recommend the payment of a dividend.

Insofar as the Issuer is aware and is able to ascertain from information published by Nido King's Cross Limited, there has been no material adverse change in the prospects and there has been no significant change in the financial or trading position of Nido King's Cross Limited since 31 July 2014, the date of the last published audited financial statements as disclosed in this Offering Circular.

Legal and arbitration proceedings

Nido King's Cross Limited is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Nido King's Cross Limited is aware) which may have, or have had, since the date of its incorporation, a significant effect on Nido King's Cross Limited's financial position or profitability.

KX Residential Limited (as Additional Guarantor)

KX Residential Limited is a limited company incorporated in England and Wales on 9 September 2008 under the Companies Act 1985, with registration number 06691908, having its registered office at 21 Great Winchester Street, London EC2N 2JA and telephone number 020 3595 3333.

KX Residential Limited is a special purpose vehicle whose sole business is to own the Property. It does not have any employees. It has no subsidiaries.

The articles of association (the "**Articles**") of KX Residential Limited were adopted by special resolution on 8 September 2008, and amended by written resolution on 13 March 2009. As at 10 September 2015, the directors of KX Residential Limited were Wesley Fuller, service address 21 Great Winchester Street, London EC2N 2JA, and Joshua Carper, service address Suite 300, 18 Broad Street, Charleston, South Carolina 29401.

GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of GS King's Cross Unit Trust, hold a 100% share in KX Residential Limited.

Nido KX Residential Limited has confirmed that as at the date of this Offering Circular it has no conflict or potential conflict of interest in relation to any of the transactions described in this Offering Circular.

Control of KX Residential Limited

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of KX Residential Limited by its shareholder is not abused.

As the only shareholder of KX Residential Limited, GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of GS Kings Cross Unit Trust, have the sole discretion to pass ordinary and special resolutions in a general meeting or by means of a written resolution.

KX Residential Limited's title to assets

Legal title to all of the Properties of KX Residential Limited is held in its own name.

Auditor and historical financial information

The annual accounts of KX Residential Limited for the period ended 31 July 2014 was audited by Deloitte LLP and filed on 28 January 2015. A copy of such audited accounts is attached at Appendix 4 of this Offering Circular. The profit on ordinary activities after taxation for the period was £22,217. The directors did not recommend the payment of a dividend.

Insofar as the Issuer is aware and is able to ascertain from information published by KX Residential Limited, there has been no material adverse change in the prospects and there has been no significant change in the financial or trading position of KX Residential Limited since 31 July 2014, the date of the last published audited financial statements as disclosed in this Offering Circular.

Legal and arbitration proceedings

KX Residential Limited is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which KX Residential Limited is aware) which may have, or have had, since the date of its incorporation, a significant effect on KX Residential Limited's financial position or profitability.

MX Residential Limited (as Additional Guarantor)

MX Residential Limited is a limited company incorporated in England and Wales on 11 July 2009 under the Companies Act 1985, with registration number 06959655, having its registered office at 21 Great Winchester Street, London EC2N 2JA and telephone number 020 3595 3333 .

MX Residential Limited is a special purpose vehicle whose sole business is to own the Property. It does not have any employees. It has no subsidiaries.

The articles of association (the "**Articles**") of MX Residential Limited were adopted by special resolution on 10 July 2009, and amended on 31 May 2012. As at 10 September 2015, the directors of MX Residential Limited were Wesley Fuller, service address 21 Great Winchester Street, London EC2N 2JA, and Joshua Carper, service address Suite 300, 18 Broad Street, Charleston, South Carolina 29401.

GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of GS Spitalfields Unit Trust, hold a 100% share in MX Residential Limited.

MX Residential Limited has confirmed that as at the date of this Offering Circular it has no conflict or potential conflict of interest in relation to any of the transactions described in this Offering Circular.

Control of MX Residential Limited

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of MX Residential Limited by its shareholder is not abused.

As the only shareholder of MX Residential Limited, GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of GS Spitalfields Unit Trust, have the sole discretion to pass ordinary and special resolutions in a general meeting or by means of a written resolution

MX Residential Limited's title to assets

Legal title to all of the Properties of MX Residential Limited is held in its own the name.

Auditor and historical financial information

The annual accounts of MX Residential Limited for the period ended 31 July 2014 was audited by Deloitte LLP and filed on 28 January 2015. A copy of such audited accounts is attached at Appendix 4 of this Offering Circular. The profit on ordinary activities after taxation for the period was £8,720. The directors did not recommend the payment of a dividend.

Insofar as the Issuer is aware and is able to ascertain from information published by MX Residential Limited, there has been no material adverse change in the prospects and there has been no significant change in the financial or trading position of MX Residential Limited since 31 July 2014, the date of the last published audited financial statements as disclosed in this Offering Circular.

Legal and arbitration proceedings

MX Residential Limited is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which MX Residential Limited is aware) which may have, or have had, since the date of its incorporation, a significant effect on MX Residential Limited's financial position or profitability.

Nido Spitalfields Limited (as Additional Guarantor)

Nido Spitalfields Limited is a limited company incorporated in England and Wales on 19 January 2007 under the Companies Act 1985, with registration number 06059074, having its registered office at 21 Great Winchester Street, London EC2N 2JA and telephone number 020 3595 3333 .

Nido Spitalfields Limited is a special purpose vehicle whose sole business is to own the Property. It does not have any employees. It has no subsidiaries.

The articles of association (the "**Articles**") of Nido Spitalfields Limited were adopted by special resolution on 15 January 2007, and amended on 31 May 2012. As at 10 September 2015, the directors of Nido Spitalfields Limited were Wesley Fuller, service address 21 Great Winchester Street, London EC2N 2JA, and Joshua Carper, service address Suite 300, 18 Broad Street, Charleston, South Carolina 29401.

GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of GS Spitalfields Unit Trust, hold a 100% share in Nido Spitalfields Limited.

Nido Spitalfields Limited has confirmed that as at the date of this Offering Circular it has no conflict or potential conflict of interest in relation to any of the transactions described in this Offering Circular.

Control of Nido Spitalfields Limited

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of Nido Spitalfields Limited by its shareholder is not abused.

As the only shareholder of Nido Spitalfields Limited, GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of GS Spitalfields Unit Trust, have the sole discretion to pass ordinary and special resolutions in a general meeting or by means of a written resolution

Nido Spitalfields Limited's title to assets

Legal title to all of the Properties of Nido Spitalfields Limited is held in its own name.

Auditor and historical financial information

The annual accounts of Nido Spitalfields Limited for the period ended 31 July 2014 was audited by Deloitte LLP and filed on 28 January 2015. A copy of such audited accounts is attached at Appendix 4 of this Offering Circular. The profit on ordinary activities after taxation for the period was £358,256. The directors did not recommend the payment of a dividend.

Insofar as the Issuer is aware and is able to ascertain from information published by Nido Spitalfields Limited, there has been no material adverse change in the prospects and there has been no significant change in the financial or trading position of Nido Spitalfields Limited since 31 July 2014, the date of the last published audited financial statements as disclosed in this Offering Circular.

Legal and arbitration proceedings

Nido Spitalfields Limited is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Nido Spitalfields Limited is aware) which may have, or have had, since the date of its incorporation, a significant effect on Nido Spitalfields Limited's financial position or profitability.

Auditor

The auditor of each of Nido Notting Hill Limited, Nido King's Cross Limited, KX Residential Limited, MX Residential Limited and Nido Spitalfields Limited is Deloitte LLP acting through its office at 2 New Street Square, London EC4A 3BZ. Deloitte LLP are members of the Institute of Chartered Accountants and registered auditors qualified to practise in England.

Conflicts of Interest

The directors of the Additional Guarantors may from time to time act as directors, or be otherwise involved in, other companies which may have similar objectives to those of the Additional Guarantors. It is therefore possible that any of them may, in the course of their business, have potential conflicts of interests with the Additional Guarantors. Each will respectively endeavour to ensure that such conflicts are resolved fairly and in accordance with the obligations applicable to such party. As of the date of this Offering Circular there are no principal activities performed by them outside the Additional Guarantors where these are significant with respect to the Additional Guarantors.

MANAGEMENT AND ADMINISTRATION OF THE PROPERTIES

Property Management Agreements

The legal owners of the Properties have entered into property management agreements (the “**Property Management Agreements**”), pursuant to which they have appointed a property manager to provide certain property management services in relation to the Properties held by them. The Property Management Agreements are governed by English law.

KX Property Management Agreement

On 17 April 2015, the Borrower, Nido King’s Cross Limited and KX Residential Limited entered into a property management agreement with Greystar Europe Holdings Limited (the “**Parent**”) as property manager in respect of the Kings Cross Property (as defined in Appendix 1).

NH Property Management Agreement

On 17 April 2015, GREP London Portfolio II Trustees 1 Limited and GREP London Portfolio II Trustees II Limited as joint trustees on behalf of GS Notting Hill Unit Trust and Nido Notting Hill Limited entered into a property management agreement with the Parent as property manager in respect of the NH Property (as defined in Appendix 1).

SF Property Management Agreement

On 17 April 2015, the Borrower, Nido Spitalfields Limited and MX Residential Limited entered into a property management agreement with the Parent as property manager in respect of the SF Property (as defined in Appendix 1).

Term and termination of the Property Management Agreement

The Property Management Agreements came into force on 17 April 2015 and will remain in force until terminated in accordance with Section 3 of the relevant Property Management Agreement. Termination provisions include (among other things) automatic termination with immediate effect on the occurrence of the Parent’s (or its subsidiary’s or holding company’s) insolvency or upon termination of any other property management agreement or construction management agreement in respect of any property managed by the Parent or an affiliate of the Parent and owned directly or indirectly by the Majority Unitholder (all Properties being included) or upon expiry of 30 day period from termination of Greystar Investment Group LLC (“**Greystar**”) as investment advisor to the Majority Unitholder and upon breach of trust deeds, fraud, gross negligence or breach of fiduciary duties by the Parent, Greystar or their affiliates with respect to the Majority Unitholder, the relevant property or the relevant owner. The Property Management Agreements will also terminate in the event of insolvency, fraud, wilful misconduct, misappropriation or financial crime and breach of the relevant Property Management Agreement on the part of the Parent (with, subject to certain conditions, a 10 day cure right for monetary or health and safety breaches and 30 day cure right for other breaches).

The Property Management Agreements may also be terminated by the owners at any time without cause with 30 days written notice and by the Parent without cause with 30 days written notice but only after three years. The relevant owner may terminate the Property Management Agreement upon any proposed sale of the relevant Property to a third party.

Property Management Services

Pursuant to the Property Management Agreements, the Parent as the property manager is mandated to carry out leasing and lease administration, repair and maintenance, monitoring, technical, administrative, financial and operational management of the relevant Properties.

Property Management Agreement Duty of Care Agreement

The Parent, acting as the property manager, GS Notting Hill, GS King’s Cross, GS Spitalfields and the English Obligors entered into a duty of care agreement in favour of the Security Agent in respect of the Property Management Agreement on 17 April 2015 (the “**PMA Duty of Care Agreement**”).

Pursuant to the PMA Duty of Care Agreement, the property manager has undertaken, among other things, to:

- (i) comply with the terms of and fulfil its obligations under the Property Management Agreements, and perform such obligations with the skill, care and diligence expected from a qualified and competent property manager experienced in carrying out obligations of a similar scope and complexity;
- (ii) provide on request such information in relation to the Property Management Agreement as the Security Agent may reasonably require;
- (iii) obtain and (to the extent permitted to do so by law) keep in force all licences, approvals, authorisations and consent which are necessary in connection with its entry into and performance of its obligations under the Property Management Agreements;
- (iv) notify the parties (including the Security Agent) promptly upon becoming aware of any breach of the PMA Duty of Care Agreement or a Property Management Agreement, or the occurrence of any event which could (with the expiry of a grace period) trigger a termination of a Property Management Agreement, the LSIP Investment Adviser Agreement (as defined in the Property Management Agreement), any Trust Instrument or any other applicable agreement;
- (v) promptly collect and pay all operating income in respect of the Properties into the relevant rent collection account;
- (vi) transfer all funds from the operating accounts to the relevant rent collection account if instructed to do so by the Security Agent when an event of default is continuing;
- (vii) pay all fees, costs and expenses in accordance with the Property Management Agreements; and
- (viii) maintain rent deposits on behalf of tenants of the Properties in accordance with the relevant lease documents.

The PMA Duty of Care Agreement is governed by English law.

The Construction Management Agreements

The legal owners of the Properties have entered into construction management agreements (the “**Construction Management Agreements**”), pursuant to which they have appointed a construction manager to provide certain construction management services in relation to the Properties held by them. The Construction Management Agreements are governed by English law.

King’s Cross Construction Management Agreement

On 17 April 2015, GS King’s Cross entered into a construction management agreement with Greystar Europe Holdings Limited (the “**Parent**”) as construction manager in respect of the KX Property (as defined in Appendix 1).

Notting Hill Construction Management Agreement

On 17 April 2015, GS Notting Hill Limited entered into a construction management agreement with the Parent as construction manager in respect of the NH Property (as defined in Appendix 1).

Spitalfields Construction Management Agreement

On 17 April 2015, GS Spitalfields Limited and MX Residential Limited entered into a construction management agreement with the Parent as construction manager in respect of the SF Property (as defined in Appendix 1).

Term and termination of the Construction Management Agreements

The Construction Management Agreements came into force on 17 April 2015 and shall remain in force until terminated in accordance with Section 10 of the relevant Construction Management Agreement. Termination

provisions include automatic termination on the occurrence of the Parent's insolvency, upon termination of any other property management agreement or construction management agreement in respect of any property managed by the Parent and owned directly or indirectly by the Majority Unitholders (all of the Properties being included), on expiry of 30 day period from termination of Greystar as investment advisor to the Majority Unitholder and upon breach of trust deeds, fraud, gross negligence or breach of fiduciary duties by the Parent, Greystar or their affiliates with respect to the Majority Unitholder, the relevant property or the relevant owner. The Construction Management Agreements will also terminate in the event of fraud, wilful misconduct, misappropriation or financial crime and breach of the relevant Construction Management Agreement (with, subject to certain conditions, a 10 day cure right for monetary or health and safety breaches and 30 day cure right for other breaches). Automatic termination of the Construction Management Agreements will also occur upon the termination of the Parent or an affiliate of the Parent as property manager or construction manager for the relevant property or any other property any other property management agreement or construction management agreement in respect of any property managed by the Parent and owned directly or indirectly by the Majority Unitholder (all of the Properties being included).

The Construction Management Agreement may also be terminated by the owners at any time without cause with 30 days written notice and by the Parent without cause with 30 days written notice but only after three years. The relevant owner may terminate the Construction Management Agreement upon any proposed sale of the relevant Property to a third party.

Construction Management Services

Pursuant to the Construction Management Agreements, the Parent as the construction manager is mandated to (among other things) cause relevant works to be completed, develop and monitor budgets, manage contractors and administer works contracts, obtain required consents, supervise and monitor relevant works, and carry out carry out monitoring, administrative and financial management in respect of works contracts in relation to the Properties relating to construction works including renovations and upgrades, marketing, signage and maintenance.

Property Management Agreement Duty of Care Agreement

The Parent, acting as the construction manager, GS Notting Hill, GS King's Cross, GS Spitalfields and the English Obligors entered into a duty of care agreement in favour of the Security Agent in respect of the Construction Management Agreement on 17 April 2015 (the "**CMA Duty of Care Agreement**").

Pursuant to the CMA Duty of Care Agreement, the construction manager has undertaken, among other things, to:

- (i) comply with the terms of and fulfil its obligations under the Construction Management Agreements, and perform such obligations with the skill, care and diligence expected from a qualified and competent construction manager experienced in carrying out obligations of a similar scope and complexity;
- (ii) provide on request such information in relation to the Construction Management Agreement as the Security Agent may reasonably require;
- (iii) obtain and (to the extent permitted to do so by law) keep in force all licences, approvals, authorisations and consent which are necessary in connection with its entry into and performance of its obligations under the Construction Management Agreements;
- (iv) notify the parties (including the Security Agent) promptly upon becoming aware of any breach of a the CMA Duty of Care Agreement or any Construction Management Agreement, or the occurrence of any event which could (with the expiry of a grace period) trigger a termination of a Construction Management Agreement;
- (v) advise in regard to compliance with all legal and regulatory requirements in relation to the Properties in all material respects; and
- (vi) pay all fees, costs and expenses in accordance with the Construction Management Agreements.

The CMA Duty of Care Agreement is governed by English law.

THE ORIGINATION AND DUE DILIGENCE PROCESS

Origination of the Loan

The Originator has internal policies and procedures in relation to the granting of credit, the administration of credit risk-bearing portfolios and risk mitigation. The policies and procedures of the Originator in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits;
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures; and
- (c) policies and procedures in relation to risk mitigation techniques.

Due diligence

The Properties were evaluated by carrying out legal and non-legal due diligence which is customary for a financing of this nature.

Such due diligence included legal, environmental, structural, tax and valuations.

Legal due diligence

Prior to advancing the Whole Loan, the Borrower's solicitors prepared an overview legal due diligence report of the legal due diligence conducted pursuant to the Senior Facility Agreement dated 16 April 2015. The report summarised issues contained in the Borrower's solicitor's corporate due diligence of the transaction and provided a red flag review in respect of general corporate due diligence; management agreements and employment; material contracts; banking; intellectual property, antitrust and regulatory matters.

Non-legal due diligence

Valuation

Prior to advancing the Whole Loan, CBRE Limited was engaged by Citibank, N.A., London Branch to carry out valuations of each of the Properties in the capacity of external valuer. The valuation date of the NH Property is 10 April 2015. The valuation date of each of the SF Property and the KX Property is 10 April 2015 (together, the "**Initial Valuations**"), which, subject to certain assumptions, valued the KX Property (as defined in the Appendix) at 10 April 2015, the NH Property (as defined in the Appendix) at 10 April 2015 and the SF Property (as defined in the Appendix) at 10 April 2015. A report of such valuations is set out in Appendix 1 (*Initial Valuation*) of this Offering Circular. One report was produced in respect of each of the three Properties.

There can be no assurance that another valuer would have arrived at the same opinion of value or that the value of the Properties has not changed since 10 April 2015 (the valuation date set out in the Initial Valuation). See the risk factor entitled "*Valuations*" within the section entitled "*RISK FACTORS*" above.

There has been no re-valuation of the Properties since the date set out in the Initial Valuation (being 10 April 2015) for the purposes of the issue of the Notes.

Structural survey report

Prior to advancing the Whole Loan, the Fulker Consultancy Limited was engaged by the Borrower to carry out structural survey of each of the Properties. One report was produced in respect of each of the three Properties. The report in respect of the KX Property and SF Property is dated 26 February 2015 and the report in respect of the NH Property is dated 27 February 2015. Such structural survey reports identified elements of concern and potential risks which were evident from a visual inspection of the interior and exterior of the Properties, including a visual assessment of the mechanical and electrical installations. No material concerns were flagged.

Property overview report

The Originator's solicitors prepared a property overview legal due diligence report of the legal due diligence conducted pursuant to a provision of the Senior Facility Agreement dated 16 April 2015. The report summarised issues contained in the Borrower's solicitor's issued City of London Law Society Land Law Committee long form certificate of title (seventh edition) dated 17 April 2015 for each of the NH Property, KX Property and SF Property (together, the "**Certificates of Title**").

The information contained in the Certificates of Title was not based on the Commercial Property Standard Enquiries (**CPSEs**) obtained from the relevant seller (as is usual), but were instead based on confirmations and information provided by the seller in the seller's wrapper report in relation to the Acquisition, being an overlay report on title prepared by Berwin Leighton Paisner LLP, which the seller warranted was true and accurate under the relevant Acquisition Agreement (the "**Wrapper Report**"). The Certificates of Title were based on the seller's warranty under the relevant acquisition agreement that the information provided in the Wrapper Report to the Obligor is true and accurate. The Wrapper Report was not reviewed by the Originator's solicitors.

The information contained in the Certificates of Title are not based on CPSEs obtained from the relevant seller (as would be usual), but are instead based on confirmations and information provided by the seller in the seller's wrapper to overlay a report on title prepared by Berwin Leighton Paisner LLP, which the seller warranted were true and accurate under the relevant acquisition agreement.

The Certificates of Title stated that the Borrower (in relation to the SF Property and the KX Property) and GS Notting Hill (in relation to the NH Property) have good and marketable title to the Properties which they respectively own and are solely legally and beneficially entitled to the relevant Properties and neither the Borrower's solicitors nor the Borrower know of any reason why a chargee should not be registered as registered proprietor of the charge.

Environmental report

Prior to advancing the Whole Loan, ProGEA UG was engaged by the Borrower to carry out an environmental due diligence assessment of each of the Properties dated 4 March 2015. One report was produced in respect of all three Properties. Such environmental due diligence report identified potential material environmental issues and liabilities associated with the Properties which were identified from site visits to the Properties, review of materials relating to the Properties in a virtual data room, a review of database reports and a review of publicly available information relating to soil and ground water impact, flooding risk and radon.

There can be no assurance that another environmental consultant would have arrived at the same opinion of environmental risk or that the environmental status of the Properties has not changed since 4 March 2015 (being the date of the environmental due diligence report). See the risk factor entitled "*Environmental Risks*" within the section entitled "*RISK FACTORS*" above.

No environmental due diligence of the Properties has been conducted since 4 March 2015 for the purposes of the issue of the Notes. There can be no assurance that all environmental and technical risks have been identified.

Tax due diligence report

Prior to advancing the Whole Loan, KPMG LLP was engaged by the Borrower to carry out a tax due diligence assessment of the issues surrounding the Properties and the Group in relation to the Acquisition dated 13 April 2015. Such tax due diligence report identified issues in respect of UK direct taxes, VAT, capital allowances and stamp duty taxes and Luxembourg direct taxes and VAT based on a review of documents contained in a data room up to 4 March 2015.

There can be no assurance that another tax consultant would have arrived at the same opinion of tax findings or that the tax status of the Group has not changed since 4 March 2015 (being the date up to which information was reviewed by KPMG for the purpose of the tax due diligence report).

Financial due diligence report

Prior to advancing the Whole Loan, Ernst & Young LLP was engaged by the Parent to carry out a financial due diligence assessment of the financial issues surrounding the Properties and the Group in relation to the

Acquisition dated 10 April 2015. Such financial due diligence report analysed the financial position of the target group.

There can be no assurance that another financial consultant would have arrived at the same opinion of financial analysis or that the financial status of the Group has not changed since 10 April 2015 (being the date of Ernst & Young's financial due diligence report).

THE LOAN AND RELATED SECURITY

The following is a summary of the principle terms of the Senior Facility Agreement and is qualified in its entirety by the detailed provisions of the Senior Facility Agreement itself.

Loan Information

Cut-off date	21 September 2015
Original Whole Loan Balance	£390,000,000
Cut-Off Date Whole Loan	£390,000,000
Cut-Off Date Loan Balance	£100,000,000
Projected Loan Balance at Maturity	£100,000,000
Purpose	Financing the acquisition of the Properties through the acquisition of the entire issued share capital of the Target, financing or on-lending the proceeds of the Facility to another Obligor for the purpose of financing the Permitted Restructuring, financing the Capex Reserve Amount to a maximum amount of £15,000,000, and payment of any fees, costs or expenses payable in connection with the Acquisition or in connection with entry into or the negotiation of the Finance Documents.
Utilisation Date	17 April 2015.
Loan Maturity Date	20 May 2018 (with the option to extend the term for a further 12 month period, plus a further 12 month period).
Remaining Term (as at Closing Date)	Two and a half years to first maturity date of the Loan.
Interest Rate	The rate of interest on the Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable: Margin; and LIBOR.
Governing Law	England and Wales.
Primary Loan Security	The Obligors have created English and Jersey law governed security (as applicable) over the assets pursuant to the Transaction Security Documents.
Sponsor	Greystar Real Estate Partners, LLC and PSPIB-RE UK, Inc.
Borrower	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited in their capacity as joint trustees of GS London Portfolio II Unit Trust.
Borrower's jurisdiction	Jersey.
Jersey Guarantors	(a) the Borrower; (b) GREP London Portfolio II Trustee 1 Limited (a company incorporated in Jersey with registered number 117904) and GREP London Portfolio II Trustee 2 Limited (a company incorporated in

	<p>St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS Notting Hill Unit Trust, a unit trust constituted under the laws of Jersey (“GS Notting Hill”);</p> <p>(c) GREP London Portfolio II Trustee 1 Limited (a company incorporated in Jersey with registered number 117904) and GREP London Portfolio II Trustee 2 Limited (a company incorporated in Jersey with registered number 117905), both of 22 Grenville Street, St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS King’s Cross Unit Trust, a unit trust constituted under the laws of Jersey (“GS King’s Cross”); and</p> <p>(d) GREP London Portfolio II Trustee 1 Limited (a company incorporated in Jersey with registered number 117904) and GREP London Portfolio II Trustee 2 Limited (a company incorporated in Jersey with registered number 117905), both of 22 Grenville Street, St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS Spitalfields Unit Trust, a unit trust constituted under the laws of Jersey (“GS Spitalfields”).</p>
English Guarantors	<p>(a) Nido Notting Hill Limited, a company incorporated in England and Wales with registration number 07113525, having its registered office at 21 Great Winchester Street, London EC2N 2JA;</p> <p>(b) Nido King’s Cross Limited, a company incorporated in England and Wales with registration number 06002315, having its registered office at 21 Great Winchester Street, London EC2N 2JA;</p> <p>(c) KX Residential Limited, a company incorporated in England and Wales with registration number 06691908, having its registered office at 21 Great Winchester Street, London EC2N 2JA;</p> <p>(d) MX Residential Limited, a company incorporated in England and Wales with registration number 06959655, having its registered office at 21 Great Winchester Street, London EC2N 2JA; and</p> <p>(e) Nido Spitalfields Limited, a company incorporated in England and Wales with registration number 06059074, having its registered office at 21 Great Winchester Street, London EC2N 2JA.</p>

Financial Information (at Initial Valuation)

Market Value	£599,455,000 (£635 per sq ft)
Valuer	CBRE Limited
Date of Initial Valuation	10 April 2015
Gross Market Rent (per annum)	£38,464,403
Gross Contractual Rent (per annum) (as at 1 March 2015)	£33,507,508 ²

² This figure excludes potential additional income assumed by CBRE Limited for valuation purposes.

Financial Ratio at Closing

	At Cut-Off Date	
LTV	65% (Whole Loan)	
Projected Whole Loan ICR /DSCR	Whole Loan ICR 2.12 x:1	

Additional Loan Features

Guarantee and indemnity	<p>Each Obligor irrevocably and unconditionally, jointly and severally:</p> <p>(a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;</p> <p>(b) agrees with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Obligor shall immediately on demand pay that amount as if it was the principal obligor; and</p> <p>(c) agrees with each Finance Party that it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against certain losses described below.</p>
Covenants	<p>Non-compliance with the covenant financial ratios will constitute an Event of Default under the Senior Facility Agreement. To avoid an Event of Default, the following levels must be maintained:.</p> <p>(a) the Loan to Value does not, at any time, exceed 80%;</p> <p>(b) the Projected Interest Cover Ratio is, at all times, at least 160%;</p> <p>(c) the Historical Interest Cover is, at all times, at least 160%;</p> <p>(d) the TTM Debt Yield is, at all times, equal to or higher than the Debt Yield Default Level; and</p> <p>(e) the Projected Debt Yield is, at all times, equal to or higher than the Debt Yield Default Level.</p>
Cash Trap	<p>If:</p> <p>on any Test Date, the LTV Ratio is greater than 75%; and</p> <p>on any Test Date, the Projected ICR is less than 1.90:1.</p>
Permitted Restructuring	<p>As part of the permitted restructuring, the Borrower will transfer the freehold interest it currently holds in the SF Property to GS Spitalfields and the freehold interest it currently holds in the KX Property to GS King's Cross. The longstop date for this permitted restructuring is 20 November 2015.</p>

Portfolio/Tenancy Information (as at 17 April 2015)

Portfolio Type	Predominantly student accommodation with a smaller number of commercial (retail and office), residential housing, car parking and ancillary premises
No. of properties	3
Property Location	United Kingdom
Year Built	King's Cross: 2008 Spitalfields: 2010 Notting Hill: 2011
Construction Manager	Greystar Europe Holdings Limited
Property Manager	Greystar Europe Holdings Limited
Net Rentable Area (sq metres)	87,200

General

A sterling term loan facility in the amount of £390,000,000 (the "**Whole Loan**") was made available by the Original Lender to the Borrower pursuant to a facility agreement dated 16 April 2015 between, among others, the Borrower, the Original Lender and the Arranger and Mount Street Mortgage Servicing Limited as agent of the Lenders (in such capacities, the "**Facility Agent**") and security agent (the "**Security Agent**") as trustee for the Finance Parties (the "**Facility Agreement**").

The total amount advanced to the Borrower under the Senior Facility Agreement was £390,000,000. The outstanding principal amount of the Whole Loan at the Cut-Off Date is £390,000,000.

All references to "Loan" or "Loans" insofar as they appear or are specifically used in the context of the description of the Senior Facility Agreement and the Related Security as set out in this section of the Offering Circular shall be construed to mean each loan made under the Facility or the principal amount outstanding for the time being of that loan. Elsewhere in this Offering Circular all references to the "Loan" shall mean the portion of the Whole Loan acquired by the Issuer.

Purpose

The Borrower has agreed to apply all amounts borrowed by them under the Facility towards (directly or indirectly):

- (a) financing the acquisition of the Properties through the acquisition of the entire issued share capital in the Target and any fees, costs and expenses payable in connection with the Acquisition;
- (b) financing or on-lending the proceeds of the Facility to another Obligor for the purpose of financing the Permitted Restructuring;
- (c) funding the Capex Reserve Amount up to a maximum amount of £15,000,000; and
- (d) payment of any related costs and expenses and other fees payable or incurred in connection with the negotiation and entry into, or otherwise payable under the terms of, the Finance Documents.

Repayment

The Borrower has agreed to repay the aggregate outstanding principal amount of the Whole Loan and all other Secured Liabilities (if any) in full on the Loan Maturity Date.

Prepayment and Cancellation

Mandatory prepayment – Illegality

If at any time it becomes unlawful for a Lender to perform any of its obligations as contemplated by the Senior Facility Agreement or to make or maintain its participation in the Loan (an "**Illegal Lender**"), the Facility Agent, upon becoming aware of that event, will notify the Borrower, the Loan Commitment of that Lender will be immediately cancelled and will be repaid at the date and time specified in the Senior Facility Agreement.

Mandatory prepayment – Change of control

Following a Change of Control the Facility Agent shall by notice to the Borrower (and acting on the instructions of the Majority Lenders), promptly cancel the Facility and declare the Loan, together with accrued interest and all other accrued unpaid amounts under the Finance Documents, to be immediately due and payable.

Under the Senior Facility Agreement:

- (a) Change of Control means the Sponsors together or individually (together with any Affiliate of a Sponsor or any fund or entity which is ultimately (directly or indirectly) under the same management or control as a Sponsor) cease to control (whether directly or indirectly) the Shareholder.
- (b) Control means (whether directly or indirectly) the power, directly or indirectly, (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) cast, or control the casting of, 51% or more of the maximum number of votes that might be cast at a general meeting of the relevant entity;
 - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the relevant entity;
 - (iii) give directions with respect to the management or operating and financial policies of the relevant entity with which the directors or other equivalent officers of the relevant entity are obliged to comply; or
 - (iv) the holding, directly or indirectly, of 51% or more of the issued share capital of the relevant entity (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

Mandatory prepayment – Insurance Proceeds, Permitted Property Disposals Proceeds, Expropriation Proceeds and Recovery Proceeds

The Borrower must apply any Disposal Proceeds, Hedging Prepayment Proceeds (which are not required by the Borrower to be applied in effecting a replacement Hedging Agreement), Lease Prepayment Proceeds, Insurance Prepayment Proceeds, Report Recovery Proceeds, Compensation Prepayment Proceeds, Recovery Payment Proceeds, Construction Recovery Proceeds and the amount of funds outstanding to the credit of the Capex Reserve Account in prepayment of the Loan on the next Interest Payment Date or on an earlier date (if or on an earlier date (if the Borrower gives the Security Agent, not less than five Business Days' prior notice) in an amount equal to the proceeds received which shall be applied by the Facility Agent to prepay the Loan provided that certain unpaid costs, fees and expenses due under the Finance Documents are discharged in priority in accordance with the Senior Facility Agreement.

Voluntary prepayment

Subject to the prepayment and cancellation restrictions set out in the Senior Facility Agreement (as summarised below in the section below entitled "*Repayment, Prepayment and Cancellation – Restrictions*"), the Borrower may, on not less than five Business Days' prior notice to the Facility Agent (or such shorter period as the Majority Lenders may agree), prepay the whole or any part of the Loan (but if in part, being an amount that reduces the amount of the Loan by a minimum amount of £500,000).

Voluntary cancellation

Subject to the prepayment and cancellation restrictions set out in the Senior Facility Agreement (as summarised below in the section below entitled "*Repayment, Prepayment and Cancellation Restrictions*"), the Borrower may, on not less than five Business Days' prior notice to the Facility Agent (or such shorter period as the Majority Lenders may agree), cancel the whole or any part of the Available Facility (being in a minimum amount of £500,000). Any such cancellation of Whole Loan shall reduce each Lender's Loan Commitment rateably.

Right of repayment – single lender

If any sum payable to a Lender is required to be increased owing to a change in law which requires a tax deduction to the amount paid by the Borrower or a Lender claims indemnification in respect of tax or increased costs under the Senior Facility Agreement, the Borrower may give the Agent notice of cancellation of the Loan Commitment of that Lender. On the last day of the next Interest Period which ends following the Borrower's notice, the Borrower will repay such Lender's participation in the Loan.

Prepayments from the Cash Trap Account

If a Cash Trap Event is continuing on any two consecutive Interest Payment Dates falling after the Interest Payment Date on which a Cash Trap Amount was transferred to the Cash Trap Account, the Security Agent shall (and is irrevocably instructed by each Obligor to), on the second of such consecutive Interest Payment Dates, instruct the relevant Account Bank to withdraw an amount equal to that Cash Trap Amount from the Cash Trap Account and apply such amount in prepayment of the Loan in accordance with the mandatory repayment provisions of the Senior Facility Agreement.

Provided no Event of Default is continuing, the Borrower may at any time elect that all or any part of any amounts standing to the credit of the Cash Trap Account are applied in prepayment of the Loans in accordance with the voluntary prepayment provisions of the Senior Facility Agreement.

Prepayments from the Debt Service Account

If a Cash Trap Event is continuing on an Interest Payment Date and the TTM Debt Yield and Historical Interest Cover are less than or equal to the relevant Debt Yield Excess Cash Trigger Level or ICR Excess Cash Trigger Level respectively, an amount equal to 0.25 per cent. of the amount of the Loan as at the Utilisation Date will be applied in immediate prepayment of the Loan.

Prepayments from the Collateral Account

If on two consecutive Test Dates the Borrower would, but for the exercise of cure rights, be in breach of certain financial covenants and on the following Test Date, there continues to be a breach of such covenants, the Security Agent (on the instructions of the Borrower) will withdraw the amounts standing to the credit of the Collateral Account and apply them in prepayment of the Loan.

Prepayment from the Capex Reserve Account

On the Interest Payment Date falling on or after the date falling 24 months from the Utilisation Date, the Borrower must transfer the funds standing to the Credit of the Capex Reserve Account which represent the Capex Reserve Amount to the Prepayment Account to be applied in prepayment of the Loan.

Repayment, Prepayment and Cancellation Restrictions

A repayment, prepayment or cancellation in respect of the Loan or the available commitment is subject to the following conditions under the Senior Facility Agreement.

- (a) Any notice of cancellation or prepayment given by any Party shall be irrevocable and, unless a contrary indication appears in the Senior Facility Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.
- (b) Any prepayment shall be made together with accrued interest on the amount prepaid and subject to any Break Costs and any prepayment fees.
- (c) The Borrower may not reborrow any part of the Facility which is prepaid.
- (d) The Borrower shall not repay or prepay all or any part of the Loan or cancel all or any part of the Loan Commitments except at the times and in the manner expressly provided for in the Senior Facility Agreement.
- (e) No amount of the Total Commitments cancelled under the Senior Facility Agreement may be subsequently reinstated.
- (f) If the Facility Agent receives a notice under the prepayment provisions of the Senior Facility Agreement it shall promptly forward a copy of that notice to either the Borrower or the affected Lenders, as appropriate.
- (g) If all or part of the Loan is repaid or prepaid, an amount of the Loan Commitments (equal to the amount of the Loan which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment. Any such cancellation shall reduce the Loan Commitments of the Lenders rateably.
- (h) Any prepayment of the Loan (other than a prepayment to a single Lender or of repayment and cancellation in relation to a single Lender) shall be applied pro rata to each Lender's participation in the Loan.

Interest

The Borrower shall pay accrued interest on the Loan on each Interest Payment Date. The rate of interest on each Loan for each Loan Interest Period is the percentage rate per annum which is the aggregate of:

- (a) Margin; and
- (b) LIBOR.

Hedging Interest

Each Hedging Agreement shall consist of a fully-paid interest rate cap with a 3-month LIBOR strike price of no higher than 3.00 per cent. per annum for the period until the Loan Maturity Date.

The aggregate notional amount of the transactions in respect of the Hedging Agreements shall be at least 100 per cent. of the aggregate amount of the Loan.

Default Interest

Default interest will apply on any overdue amount which an Obligor fails to pay from the due date up to the date of actual payment in accordance with the Senior Facility Agreement at a rate of two per cent. per annum higher than the rate of interest which would have been payable if the overdue amount had, during the period of non-payment, constituted the Loan in the currency of the Unpaid Sum for successive Loan Interest Periods, each of a duration selected by the Facility Agent (acting reasonably). Default interest (if unpaid) arising on an overdue

amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but shall remain immediately due and payable.

Fees

The Borrower agreed to pay:

- (a) to the Facility Agent, for the account of the Lenders, any prepayment fee in the amount and at the times agreed in the prepayment Fee Letter;
- (b) to the Arranger an arrangement fee in the amount and at the times agreed in the Arrangement Fee Letter; and
- (c) to the Facility Agent and the Security Agent the fees in the amount and at the times agreed in the Agency Fee Letter and the Security Agent Fee Letter respectively.

Tax Gross-Up

Each Obligor has agreed to make all payments to be made by it to any Finance Party without any Tax Deduction, unless a Tax Deduction is required by law. If a Tax Deduction is required by law, the Obligor has agreed to gross up such payments, subject to certain exceptions.

FATCA Deduction

Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

Tax Indemnity

Subject to certain exceptions, the Borrower shall, within three Business Days of a demand by the Facility Agent, pay or procure payment to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines (acting reasonably and in good faith) will be or has been directly or indirectly suffered, for or on account of Tax by that Protected Party in respect of a Finance Document.

Increased Costs

Subject to certain exceptions, the Borrower shall, within three Business Days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:

- (a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or
- (b) compliance with any law or regulation,

made after the date of the Senior Facility Agreement.

Exceptions include the following:

- (i) a tax deduction required by law to be made by an Obligor;
- (ii) a FATCA deduction required to be made by a Party;
- (iii) costs compensated by (or which would have been compensated for) under the tax indemnity provided for in Facility Agreement (as summarised above in the section entitled "*Tax Indemnity*" of this Offering Circular) but not so compensated solely because of any of the exclusions applicable to such tax indemnity;

- (iv) due to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation;
- (v) Increased Costs incurred by a Hedge Counterparty in its capacity as such; or
- (vi) any claim in respect of such Increased Costs unless it is that Finance Party's policy and practice to claim such Increased Cost.

Guarantee and indemnity

Each Obligor irrevocably and unconditionally, jointly and severally:

- (a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Obligor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Finance Party that it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs (a) if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal where such cost, loss or liability arises as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality have been payable by it under any Finance Document on the date when it would have been due or (b) if as a result (directly or indirectly) of the introduction of or any change in (or the interpretation, administration or application of) any law or regulation, or compliance with any law, regulation or administrative procedure made after entry into the Senior Facility Agreement (a Change in Law), there is a change in the currency, the value of the currency or the timing, place or manner in which any obligation guaranteed by the Guarantor is payable. The amount payable by an Obligor under this indemnity will not exceed the amount it would have had to pay under the clause entitled "Guarantee and Indemnity" of the Senior Facility Agreement if the amount claimed had been recoverable on the basis of a guarantee.

Representations

Subject to certain exceptions provided for in the Senior Facility Agreement, each Obligor, has made or makes, as appropriate, customary representations to each Finance Party on the date of the Senior Facility Agreement, the date of the Utilisation Request, the Utilisation Date and in relation to certain repeating representations and warranties (as summarised below in the section entitled "*– Timing of representations*") on the first day of each Interest Period. These representation and warranties of each Obligor are as follows:

- (a) *Status*: the Borrower and each Original Guarantor is a unit trust duly established and validly existing under the laws of Jersey constituted pursuant to the relevant Trust Instrument and acting by its trustees; each Trustee is a limited liability company, duly incorporated and validly existing under the laws of Jersey; each Additional Guarantor is a limited liability company, duly incorporated and validly existing under the law of its jurisdiction of incorporation or formation; each Obligor has the power to own its assets and carry on its business as it is being conducted, benefits from the use of an office rented by a company belonging to the same corporate group, and is, accordingly domiciled at such address and it is not a US Tax Obligor.
- (b) *Binding obligations*: subject to the Legal Reservations, the obligations expressed to be assumed by it in each Material Document to which it is a party are legal, valid, binding and enforceable obligations; each Security Document to which it is a party (subject to the Legal Reservations) creates the security interests which that Security Document purports to create and those security interests are valid and effective;
- (c) *Non-conflict with other obligations*: the entry into and the performance by it of its obligations under the Transaction Documents and the transactions contemplated thereby, and the granting of the Transaction Security do not and will not conflict with: (i) any law or regulation applicable to it; (ii) its constitutional documents; (iii) any Trust Instrument; or (iv) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such

agreement or instrument where such conflict has or could reasonably be expected to have a Material Adverse Effect.

- (d) *Power and authority:* (i) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Material Documents to which it is or will be a party and the transactions contemplated by those Material Documents; (ii) no limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Material Documents to which it is a party; (iii) each Trustee has and will have the right to recourse to the Trust Property and income for the purpose of meeting its obligations under the Transaction Documents.
- (e) *Validity and admissibility in evidence:*
 - (i) All Authorisations required:
 - (A) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Material Documents to which it is a party; and
 - (B) to make the Material Documents to which it is a party admissible in evidence in its Relevant Jurisdictions,have been obtained or effected and are in full force and effect.
 - (ii) All Authorisations necessary for the conduct of the business, trade and ordinary activities of the Obligors have been obtained or effected and are in full force and effect if failure to obtain or effect those Authorisations has or could reasonably be expected to have a Material Adverse Effect.
- (f) *Governing law and enforcement:* subject to the Legal Reservations, the choice of English law, Jersey law or Luxembourg law as the governing law of a Finance Document will be recognised and enforced in its Relevant Jurisdictions; and any judgment obtained in England, Jersey or the Grand Duchy of Luxembourg in relation to a Finance Document will, subject to the Legal Reservations, be recognised and enforced in its Relevant Jurisdictions.
- (g) *Deduction of Tax:*
 - (i) it is not required to make any Tax Deduction to a Lender which is:
 - (A) subject to certain conditions, a Qualifying Lender; or
 - (B) a “treaty lender” (as defined in the Senior Facility Agreement) and the payment is one specified in a direction given by the Commissioners of Revenue & Customs under Regulation 2 of the Double Taxation Relief (Taxes on Income) (General) Regulations 1970 (SI 1970/488).
 - (ii) Greystar Nido Portfolio Investors, LLC and the Minority Unitholder are eligible for and, as at the Utilisation Date, have applied to HM Revenue & Customs for clearance under the Taxation of Income from Land (Non-Residents) Regulations 1995 in order that all amounts of Operating Income derived from a Property may be paid to the relevant Obligor and onwards to ultimate owners entitled to the same without any deduction or withholding for or on account of Tax; and
 - (iii) PSPIB-RE UK Inc. is eligible for and, as at the Utilisation Date, has received confirmation from HMRC of its sovereign immune status and is eligible for and, as at the Utilisation Date, has submitted to HM Revenue & Customs an application for clearance in order that all amounts of Operating Income derived from a Property may be paid to the relevant Obligor and onwards to ultimate owners entitled to the same without any deduction or withholding for or on account of Tax.
- (h) *VAT:*

- (i) It is not a member of a value added tax group other than a group made up solely of Obligor.
 - (ii) Save as disclosed in the Reports, each Obligor (excluding the Borrower and each Original Guarantor) is properly registered for the purposes of UK VAT (under the UK Value Added Tax Act 1994), has been so registered at all times that it has been required by law to be registered and such registration is not subject to any conditions imposed by or agreed with HM Revenue & Customs.
 - (iii) It has exercised a valid option to tax in relation to any Property owned by it (in respect of which an option to tax can validly be made) which has effect in relation to it and paragraph 12 of Part 1 of Schedule 10 of the Value Added Tax Act 1994 does not apply to any supply made by it.
- (i) *Taxes:*
- (i) It is resident for tax purposes solely in its jurisdiction of incorporation and is not subject to Tax in any jurisdiction other than its place of incorporation by virtue of having a permanent establishment or other place of business in that jurisdiction.
 - (ii) It has not been required to make any disclosure or give any notification to a tax authority under Part 7 Finance Act 2004 or any corresponding or similar provision in any jurisdiction.
 - (iii) It has not participated in any transaction or series of transactions the main purpose, or one of the main purposes of which, was the avoidance of tax, or any transaction that produced a loss for tax purposes with no corresponding economic loss.
 - (iv) It is not required to account for any tax levied by reference to the value of the Properties owned by it (including, without limitation, the Annual Tax on Enveloped Dwellings imposed pursuant to Part 3 Finance Act 2013).
 - (v) Any Property owned by it that is used wholly or mainly for the accommodation of students satisfies the conditions set out in paragraph 4(8) of Schedule B1 Finance Act 2015.
 - (vi) Save as disclosed in the Reports, each Additional Guarantor has paid all Taxes due and payable by it prior to the accrual of any fine or penalty for late payment, unless (and only to the extent that):
 - (A) payment of those Taxes is being contested in good faith;
 - (B) adequate reserves are being maintained for those Taxes and the costs required to contest them; and
 - (C) failure to pay those Taxes is not reasonably likely to have a Material Adverse Effect.
 - (vii) Save as disclosed in the Reports, no Additional Guarantor is overdue in filing any returns required by law to be made in relation to Tax that would be reasonably likely to have a Material Adverse Effect.
- (j) *No default:* (i) no Event of Default is continuing or could reasonably be expected to result from the making of any Utilisation or the entry into, or the performance of, or any transaction contemplated by, any Transaction Document; and (ii) no other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or a termination event (however described) under any other agreement or instrument which is binding on it or to which any of its assets are subject which has or could reasonably be expected to have a Material Adverse Effect.
- (k) *Information:*

- (i) All written and other information of a factual nature supplied by it or on its behalf to any Finance Party in connection with the Transaction Documents was true and accurate in all material respects as at the date it was provided or as at any date at which it was stated to be given.
 - (ii) Any financial projections contained in the information referred to in paragraph (a) above have been prepared as at their date on the basis of recent historical information and on the basis of reasonable assumptions.
 - (iii) It has not omitted to supply any information which, if disclosed, would make the information referred to in paragraph (a) above untrue or misleading in any material respect.
 - (iv) As at the Utilisation Date, nothing has occurred since the date of the information referred to in paragraph (a) above which, if disclosed, would make that information untrue or misleading in any material respect.
- (l) *Financial statements*
- (i) Other than as a result of the entry into the Transaction Documents, there has been no material adverse change in its business or financial condition since its date of incorporation.
 - (ii) Its Original Financial Statements were prepared in accordance with GAAP and consistently applied.
 - (iii) Its Original Financial Statements give a true and fair view of (if audited) or fairly represent (if unaudited) its financial condition as at the end of the relevant financial year and results of operations during the relevant financial year (consolidated in the case of the Borrower).
 - (iv) Its most recent financial statements delivered pursuant to the requirements set out in the Senior Facility Agreement:
 - (A) have been prepared in accordance with GAAP as applied to the Original Financial Statements; and
 - (B) give a true and fair view of (if audited) or fairly represent (if unaudited) its financial condition and operations during the relevant financial year.
 - (v) Since the date of the most recent financial statements delivered pursuant to the requirements set out in the Senior Facility Agreement there has been no change in its business, assets or financial condition which has or could reasonably be expected to have a Material Adverse Effect.
- (m) *No proceedings pending or threatened:* No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency (including, but not limited to, investigative proceedings) which could reasonably be expected to be adversely determined and, if adversely determined, could reasonably be expected to have a Material Adverse Effect (or which would affect the legality or enforceability of the Finance Documents) have (to the best of its knowledge and belief) been started or threatened against it.
- (n) *Valuation*
- (i) All written and other information of a factual nature supplied by it or on its behalf to the Valuer for the purposes of each Valuation was true and accurate in all material respects as at its date or (if appropriate) as at the date (if any) at which it is stated to be given.

- (ii) As at the Utilisation Date, nothing has occurred since the date of the information referred to in paragraph (a) (*status*) above was supplied which, if it had occurred prior to the Initial Valuation, would have adversely affected the Initial Valuation.³
- (o) *Title to Property*
- (i) The Obligor named as owner of each Property in:
 - (A) Part D1 of Schedule 1 (*Portfolio Properties*) will on the Utilisation Date;
 - (B) Part D2 of Schedule 1 (*Portfolio Properties*) will from the Utilisation Date; and
 - (C) Part D3 of Schedule 1 (*Portfolio Properties*) in relation to the KX Freehold Interest and the SF Freehold Interest, will from the Second Transfer Date, being the date of the transfer of the KX Freehold Interest and the SF Freehold Interest by the Borrower to the KX Unit Trust and the SF Unit Trust,

in each case:

 - (1) (subject to registration of the relevant transfer under the Land Registration Act 2002) be the legal and beneficial owner of that Property; and
 - (2) have good and marketable title to that Property,

in each case free from Security (other than those created by or pursuant to the Security Documents) and restrictions and onerous covenants (other than those set out in the Property Report in relation to that Property).
 - (ii) From the Utilisation Date (both prior to and following completion of the Permitted Restructuring) and, in relation to the KX Freehold Interest and the SF Freehold Interest, from the Second Transfer Date except as disclosed in the Property Report relating to a Property:
 - (A) no breach of any law, regulation or covenant is outstanding which adversely affects or could reasonably be expected to adversely affect the value, saleability or use of that Property in any material respect;
 - (B) there is no covenant, agreement, stipulation, reservation, condition, interest, right, easement or other matter whatsoever materially and adversely affecting the value, saleability or use of that Property;
 - (C) nothing has arisen or has been created or is outstanding which would be an overriding interest, or an unregistered interest which overrides first registration or a registered disposition, over that Property;
 - (D) all facilities necessary for the enjoyment and use of that Property (including those necessary for the carrying on of its business at that Property) are enjoyed by that Property;
 - (E) none of the facilities referred to in paragraph (D) above are enjoyed on terms:
 - (1) entitling any person to terminate or curtail its use of that Property; or
 - (2) which conflict with or restrict its use of that Property;
 - (F) the relevant Obligor has not received any notice of any adverse claim by any person in respect of the ownership of that Property or any interest in it which could

³ CBRE Limited gives no assurance whatsoever that this representation is accurate.

reasonably be expected to be determined in favour of that person, nor has any acknowledgement been given to any such person in respect of that Property; and

- (G) that Property is held by the relevant Obligor free from any lease or licence (other than those entered into in accordance with the Senior Facility Agreement),

provided that there shall be no breach of this representation in circumstances where:

- (1) title insurance (under which the Security Agent is named as an additional insured (but without liability on the part of the Security Agent or any other Finance Party for any premium in relation to such insurance) and which is for an amount and contains a loss payee clause in such terms in each case as the Security Agent may reasonably require) has been obtained by the relevant Obligor in relation to such circumstance, event or breach (as applicable); and
 - (2) written notice has been provided to the Facility Agent by the relevant Obligor:
 - (I) informing the Facility Agent of the occurrence of the circumstance, event or breach (as applicable); and
 - (II) evidencing that such title insurance has been obtained.
 - (iii) All deeds and documents necessary to show good and marketable title to an Obligor's interests in a Property will from the Utilisation Date be:
 - (A) in possession of the Security Agent;
 - (B) held at the applicable Land Registry; or
 - (C) held to the order of the Security Agent by a firm of solicitors approved by the Security Agent for that purpose.
 - (iv) During the period of ownership of the Properties by the Obligors, each Obligor has complied with its material obligations under the Headleases and the Student and Residential Short Term Leases (which shall include without limitation any payment obligations) where a failure to comply with such material obligations has materially and adversely affected, or could reasonably be expected to materially and adversely affect, the value, saleability or use of that Property.
- (p) *Environmental laws*
- (i) To the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent compliance with the requirements in respect of environmental matters set out in the Senior Facility Agreement in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.
 - (ii) No Environmental Claim has been commenced or (to the best of its knowledge and belief, having made due and careful enquiry) is threatened against any member of the Group where that claim is reasonably likely to be adversely determined and if so to have a Material Adverse Effect.
- (q) *Bank accounts:* No Obligor holds or maintains any bank account other than an Account, an Existing Bank Account or a Tenant Deposit Account.
- (r) *No other business*
- (i) No Obligor has traded or carried on any business since the date of its incorporation except for:

- (A) in the case of the Borrower, the ownership of the Original Guarantors and provision of Subordinated Debt; and
- (B) in the case of the Borrower and each Original Guarantor:
 - (1) in connection with the acquisition, development, ownership, management and financing of its interests in the Properties;
 - (2) provision and or borrowing of Subordinated Debt;
 - (3) entry into the Transaction Documents to which it is a party; and
 - (4) implementation of the transactions referred to in the Tax Structure Paper.
- (ii) Save as disclosed in the Reports, no Additional Guarantor has traded or carried on any business since the date of its incorporation except for:
 - (A) in connection with the acquisition, development, ownership, management and financing of its interests in the Properties;
 - (B) entry into the Transaction Documents to which it is a party;
 - (C) provision of Subordinated Debt; and
 - (D) implementation of the transactions referred to in the Tax Structure Paper.
- (iii) As at the date of the Senior Facility Agreement, no Obligor is party to any material agreement other than the Transaction Documents.
- (iv) As at the Utilisation Date:
 - (A) the Borrower did not hold any ownership interest in any person other than:
 - (1) each Original Guarantor; and
 - (2) the Target;
 - (B) the NH Unit Trust did not hold any ownership interest in any person other than:
 - (1) Nido Notting Hill S.à r.l.; and
 - (2) Nido Notting Hill Limited;
 - (C) the KX Unit Trust did not hold any ownership interest in any person other than:
 - (1) King's Cross Residential S.à r.l.;
 - (2) King's Cross Student Housing S.à r.l.;
 - (3) King's Cross Retail S.à r.l.;
 - (4) Nido King's Cross Limited;
 - (5) KX Residential Limited;
 - (D) the SF Unit Trust did not hold any ownership interest in any person other than:
 - (1) Middlesex Student Housing S.à r.l.;

- (2) Middlesex Residential S.à r.l.;
 - (3) Middlesex Retail S.à r.l.;
 - (4) MX Residential Limited; and
 - (5) Nido Spitalfields Limited
- (E) the Additional Guarantors did not have any Subsidiaries which were not Obligor.
- (v) No Obligor:
 - (A) had any employees; and
 - (B) had any obligation in respect of any retirement benefit or occupational pension scheme.
- (vi) Save as disclosed in a Report, as at the Utilisation Date and the Second Transfer Date (in relation to the KX Freehold Interest and the SF Freehold Interest), there were no subsisting claims under any insurance policies relating to the Properties, including (but not limited to) rights of light insurance, title indemnity insurance and latent defects insurance.
- (vii) Save as disclosed in a Report, as at the Utilisation Date and the Second Transfer Date (in relation to the KX Freehold Interest and the SF Freehold Interest), there were no claims, disputes or proceedings in relation to or in connection with any of the Construction Contracts.
- (viii) Save as disclosed in a Report, as at the Utilisation Date and the Second Transfer Date (in relation to the KX Freehold Interest and the SF Freehold Interest), the Borrower or the Additional Guarantors (as relevant) had obtained an assignment in favour of itself of each of the relevant Construction Contracts except the Consent Construction Contracts.
- (s) *Centre of main interests and establishments:*

For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the Regulation), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in its jurisdiction of incorporation and it has no “establishment” (as that term is used in Article 2(h) of the Regulations) in any other jurisdiction.
- (ii) *Ranking of Security:*

Subject to the Legal Reservations, the security conferred by each Security Document constitutes a first priority security interest of the type described, over the assets referred to, in that Security Document and those assets are not subject to any prior or *pari passu* Security.
- (t) *Ownership:*
 - (i) The units in the Borrower are:
 - (A) in respect of 99.85% legally owned and controlled by the Master Trustee and, to the extent recognised under Jersey law, beneficially owned and controlled by the GS London Portfolio II Holding Unit Trust; and
 - (B) in respect of 0.15%, legally and beneficially owned and controlled by the Minority Unitholder.
 - (ii) The units in each Original Guarantor are:
 - (A) in respect of 0.15%, directly legally and beneficially owned and controlled by the Minority Unitholder; and

- (B) in respect of 99.85%, legally owned and controlled by GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited as trustees of the GS London Portfolio II Unit Trust and, to the extent recognised under Jersey law, beneficially owned and controlled by the GS London Portfolio II Unit Trust.
- (iii) From the Utilisation Date and save as otherwise permitted under the Senior Facility Agreement, the entire issued share capital of each Additional Guarantor is:
- (A) in respect of Nido Notting Hill Limited, directly legally owned and controlled by the Trustees and beneficially owned and controlled by the NH Unit Trust;
 - (B) in respect of Nido King's Cross Limited, directly legally owned and controlled by the Trustees and beneficially owned and controlled by the KX Unit Trust;
 - (C) in respect of KX Residential Limited, directly legally owned and controlled by the Trustees and beneficially owned and controlled by the KX Unit Trust;
 - (D) in respect of Nido Spitalfields Limited, directly legally owned and controlled by the Trustees and beneficially owned and controlled by the SF Unit Trust;
 - (E) in respect of MX Residential Limited, directly legally owned and controlled by the Trustees and beneficially owned and controlled by the SF Unit Trust;
 - (F) in respect of the Target, directly legally owned and controlled by the Trustees and beneficially owned and controlled by the GS London Portfolio II Unit Trust;
 - (G) in respect of Nido Notting Hill S.à r.l., directly legally owned and controlled by the Trustees and beneficially owned and controlled by the NH Unit Trust;
 - (H) in respect of King's Cross S.à r.l., directly legally and beneficially owned and controlled by the Target;
 - (I) in respect of Middlesex JV S.à r.l., directly legally and beneficially owned and controlled by the Target;
 - (J) in respect of King's Cross Residential S.à r.l., directly legally owned and controlled by the Trustees and beneficially owned and controlled by the KX Unit Trust;
 - (K) in respect of King's Cross Student Housing S.à r.l., directly legally owned and controlled by the Trustees and beneficially owned and controlled by the KX Unit Trust;
 - (L) in respect of King's Cross Retail S.à r.l., directly legally owned and controlled by the Trustees and beneficially owned and controlled by the KX Unit Trust;
 - (M) in respect of Middlesex S.à r.l., directly legally and beneficially owned and controlled by Middlesex JV S.à r.l.;
 - (N) in respect of Middlesex Student Housing S.à r.l., directly legally owned and controlled by the Trustees and beneficially owned and controlled by the SF Unit Trust;
 - (O) in respect of Middlesex Retail S.à r.l., directly legally owned and controlled by the Trustees and beneficially owned and controlled by the SF Unit Trust; and
 - (P) in respect of Middlesex Residential S.à r.l., directly legally owned and controlled by the Trustees and beneficially owned and controlled by the SF Unit Trust.

- (iv) The shares and units (as applicable) in the capital of each Obligor are fully paid and are not subject to any option to purchase or similar rights and, where applicable, constitute all of the issued shares and units (as applicable) in that Obligor.
 - (v) The constitutional documents of each Obligor (including the Trust Instruments) do not and could not restrict or inhibit any transfer of the shares or Units of that Obligor on creation or enforcement of the security conferred by the Security Documents.
- (u) *Unit Trust matters*
- (i) Each Trustee has been validly appointed as a trustee of the Unit Trusts and is either registered pursuant to the Financial Services (Jersey) Law 1998 to carry on trust company business (as defined therein) or is exempt from such registration and has complied with all conditions of such exemption.
 - (ii) Each Trustee has obtained all consents required in respect of itself and in respect of the Unit Trusts pursuant to the Control of Borrowing (Jersey) Order 1958 (the **COBO Consents**) and has at all times complied with all conditions attached to such consents. The Unit Trusts do not require any other regulatory or statutory consent or registration other than the COBO Consents.
 - (iii) The unitholders of each Unit Trust have unanimously authorised and directed each Trustee to apply all Trust Income in accordance with the terms of the Senior Facility Agreement and the Security Documents.
 - (iv) The Unit Trusts are duly constituted and validly existing under the laws of Jersey.
 - (v) The Trust Instruments constitute the legally binding, valid and enforceable obligations of the Trustees of the relevant Unit Trusts.
 - (vi) The Trustees are the only trustees of the Unit Trusts.
 - (vii) Neither Trustee has traded or incurred liabilities or commitments (actual or contingent, present or future) other than in acting as trustee of the relevant Unit Trust.
 - (viii) One or more of the unitholders in each Unit Trust is not a "permitted participant" within the meaning of paragraph 9(5) of the Schedule to the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001, as amended.
 - (ix) One or more of the unitholders in each Unit Trust is not a member of the same group (within the meaning of section 421 of the Financial Services and Markets Act 2000, as amended) as the Trustee.
 - (x) Each Unit Trust is a collective investment scheme and a unit trust scheme within the meaning of sections 235 and 237, respectively, of the Financial Services and Markets Act 2000.
- (v) *Jersey regulation*
- (i) Each Trustee has obtained all consents required of it (if any) in respect of both itself and in respect of the Unit Trusts pursuant to the Control of Borrowing (Jersey) Order 1958 and has at all times complied with all conditions attached to such consents.
 - (ii) No Obligor is required to hold a certificate pursuant to the Collective Investment Funds (Jersey) Law 1988 in respect of a Unit Trust.
 - (iii) No Obligor has carried on or is carrying on any unauthorised financial services business as defined in the Financial Services (Jersey) Law 1998.

- (iv) No Unit Trust (acting via the Trustees) intends to acquire capital by means of an offer to the public of Units in the Unit Trust, and no such offer to the public has been made by any Trustee.
- (v) Each of the Units in the Unit Trusts has been offered only to a restricted circle of persons as defined in Article 3(3) of the Collective Investment Funds (Jersey) Law 1988.
- (vi) Without prejudice to its status under English law, no Unit Trust is a collective investment fund, as defined in the Collective Investment Funds (Jersey) Law 1988.
- (vii) Each Trustee is exempt from registration under the Financial Services (Jersey) Law 1998 in respect of investment business and trust company business with regard to the Unit Trusts and has complied with all the conditions of such exemption. There has not been nor is there subsisting any breach of trust by a Trustee in relation to a Unit Trust.
- (viii) No Unit Trust is registered under the Banking Business (Jersey) Law 1991.
- (w) *Ongoing trust matters:*
 - (i) Each Trustee:
 - (A) has, at all times since its appointment as a trustee of each of the relevant Unit Trusts, complied with and continues to comply with the Trust Instruments;
 - (B) is not in default of its duties or obligations (including its fiduciary duties and obligations) to the unitholders of each Unit Trust under the Trust Instruments and it is not guilty of any negligence, fraud or wilful misconduct in respect of any duties and obligations under the Trust Instruments or otherwise pursuant to law;
 - (C) has the power and authority as trustee of the Unit Trusts to enter into and perform its obligations under the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents;
 - (D) represents, in respect of the Trust Property, that:
 - (1) the Trustees are the only trustees of the Unit Trusts and the legal owners of the Trust Property;
 - (2) subject to the Trust Instruments, no person other than the Trustees has a legal interest in the relevant Trust Property and no person other than the Finance Parties pursuant to the Finance Documents and the unitholders in each Unit Trust have a beneficial interest in the relevant Trust Property;
 - (3) it has not received or given any direction for the winding-up or termination of a Unit Trust or any distribution of any part of the Trust Property (except as may be permitted pursuant to the terms of the Finance Documents); and
 - (4) it has not received or given any direction removing it as trustee of a Unit Trust or given any notice to voluntarily retire as trustee of the Unit Trusts.
 - (ii) Each Original Obligor represents, in respect of the Trust Property in respect of the Unit Trusts in which it is a unitholder, that:
 - (A) no person other than the Finance Parties pursuant to the Finance Documents and the unitholders has a beneficial ownership interest in a Trust Property;
 - (B) no unitholder is in possession of, nor (save as provided by the Trust Instruments) has any right to possess, any particular part of any Trust Property;

- (C) no resolution has been passed or direction been given by the unitholders for the winding-up or termination of a Unit Trust or any distribution of any part of the Trust Property (except as may be permitted pursuant to the terms of the Finance Documents); and
 - (D) no resolution has been passed or direction or notice been given removing a Trustee as trustee of a Unit Trust.
- (iii) The Trust Instruments are in full force and effect.
- (iv) The Unit Trusts and the Trustees have at all times been exempt or taxed at zero per cent. per annum for the purposes of the Income Tax (Jersey) Law 1961 and been resident only in Jersey for all Tax purposes and the Unit Trusts and the Trustees are not, and never have been, resident in the United Kingdom for Tax purposes and do not have, and have never had, a branch, agency, business or other permanent establishment in the United Kingdom.
- (v) The Unit Trusts are and have at all times been treated as transparent Baker Trusts in respect of income for United Kingdom tax purposes as described in the case *Archer-Shee v Baker* (H M Inspector of Taxes) (11 TC 749).
- (vi) The Trustees have obtained confirmation from the Comptroller of Taxes in Jersey that they are (in respect of the Unit Trusts) exempt from tax on any income arising outside Jersey and, by long standing concession, exempt from tax on any interest which may accrue to them in relation to bank and other deposits within Jersey.
- (vii) The unitholders in each Unit Trust have at all times been resident only in the country of their establishment for all Tax purposes and are not, and never have been, resident in the United Kingdom for Tax purposes and do not have, and have never had, a permanent establishment in the United Kingdom.
- (viii) The central management and decision making of the Unit Trusts and the Trustees and the place at which meetings of each of the Unit Trust's and the Trustees' management are held, are and have been at all times situated in Jersey.
- (x) *Sanctions:*

No Obligor or director, officer or employee of an Obligor:
 - (i) is a Restricted Party;
 - (ii) has, to the best of each Obligor's knowledge after making due inquiry, received notice of any action, suit, proceeding or investigation against it with respect to Sanctions from any Sanctions Authority; or
 - (iii) is engaging in any business, trade or other activity which is breach of Sanctions from any Sanctions Authority.
- (y) *Anti-Corruption Laws:* Each Obligor conducts its businesses in compliance with applicable Anti-Corruption Laws and the Obligors have instituted and maintained policies and procedures designed to promote and achieve compliance with applicable Anti-Corruption Laws.
- (z) *Timing of representations:* The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the Signing Date, the Accession Date, the Utilisation Date, the Completion Date, the Second Transfer Date, the first day of each Extension Period and the first day of each Interest Period (except that certain representations in respect of financial statements required to be made under the Seniantior Facility Agreement will cease to be so made once subsequent financial statements have been delivered under the Senior Facility Agreement).

Information Undertakings

The Borrower and the Obligor (as applicable) give, among others, the undertakings in relation to the following items which shall remain in force from the date of the Senior Facility Agreement for so long as any amount is outstanding under the Finance Documents or any Loan Commitment is in force:

- (a) *Financial statement*: the Borrower shall supply to the Facility Agent (i) its audited financial accounts or, if audited accounts are not required by the law of the Relevant Jurisdiction or in any event not prepared, the unaudited financial statements for any Obligor in respect of each of its Financial Year within 180 days of the end of its Financial Year; and (ii) within 45 days of the end of a financial quarter its consolidated financial statements for that financial quarter and the financial statements for each Obligor for that financial quarter.
- (b) *Compliance Certificate*: five Business Days before each Interest Payment Date, the Borrower shall supply to the Facility Agent, with each quarterly report delivered pursuant to the property monitoring requirements set out in the Senior Facility Agreement, a Compliance Certificate making the required confirmations in such Compliance Certificate and setting out (in reasonable detail) computations as to compliance pursuant to the financial covenants set out in the Senior Facility Agreement as at the Interest Payment Date falling immediately after the date of delivery of that report.

Financial Covenants

- (a) *Historical Interest Cover Ratio*
 - (i) The Borrower must ensure that Historical Interest Cover is, at all times, at least 160 per cent..
 - (ii) The Historical Interest Cover covenant set out above shall be tested on each Test Date.
 - (iii) Subject to the limitations on cure rights set out in the Senior Facility Agreement (as described below), there shall be no breach of the Historical Interest Cover covenant to the extent that, within 15 Business Days following any Test Date in respect of which the Historical Interest Cover covenant above is not satisfied, the Borrower:
 - (A) prepays the Loan in an amount such that, immediately following such prepayment, the Historical Interest Cover covenant above would have been satisfied had such prepayment been taken into account; or
 - (B) deposits an amount into a Collateral Account such that, if the principal amount of the Loan were decreased by the amount so deposited and the financial covenant was re-tested, the Historical Interest Cover covenant above would have been satisfied; or
 - (C) irrevocably elects in a Compliance Certificate to apply an amount previously deposited in a Collateral Account (and such amount is then standing to the credit of a Collateral Account) such that, if the principal amount of the Loan were decreased by the amount so deposited and the financial covenant was re-tested, the Historical Interest Cover covenant above would have been satisfied.
- (b) *Projected Interest Cover Ratio*
 - (i) The Borrower must ensure that Projected Interest Cover is, at all times, at least 160 per cent..
 - (ii) The Projected Interest Cover covenant set out above shall be tested on each Test Date but on each Test Date the test shall be calculated using the figures applicable to the most recently preceding Interest Payment Date falling in November.
 - (iii) Subject to the limitations on cure rights set out in the Senior Facility Agreement (as described below), there shall be no breach of Projected Interest Cover covenant to the extent that, within 15 Business Days following any Test Date in respect of which the Projected Interest Cover covenant above is not satisfied, the Borrower:

- (A) prepays the Loan in an amount such that, immediately following such prepayment, the Projected Interest Cover covenant above would have been satisfied had such prepayment been taken into account; or
- (B) deposits an amount into a Collateral Account such that, if the principal amount of the Loan were decreased by the amount so deposited and the financial covenant was re-tested, the Projected Interest Cover covenant above would have been satisfied; or
- (C) elects in a Compliance Certificate to apply an amount previously deposited in the Collateral Account (and such amount is then standing to the credit of a Collateral Account), such that, if the principal amount of the Loan were decreased by the amount so deposited and the financial covenant was re-tested, the Projected Interest Cover covenant above would have been satisfied.

(c) *Debt Yield*

- (i) The Borrower shall ensure that, TTM Debt Yield is, at all times, equal to or higher than the Debt Yield Default Level.
- (ii) The TTM Debt Yield covenant set out above shall be tested on each Test Date.
- (iii) Subject to the limitations on cure rights set out in the Senior Facility Agreement (as described below), there shall be no breach of the TTM Debt Yield covenant to the extent that, within 15 Business Days following any Test Date in respect of which the TTM Debt Yield covenant above is not satisfied, the Borrower:
 - (A) prepays the Loan in an amount such that, immediately following such prepayment, the TTM Debt Yield covenant above would have been satisfied had such prepayment been taken into account; or
 - (B) deposits an amount into a Collateral Account such that, if the principal amount of the Loan were decreased by the amount so deposited and the financial covenant was re-tested, the TTM Debt Yield covenant above would have been satisfied; or
 - (C) irrevocably elects in a Compliance Certificate to apply an amount previously deposited in the Collateral Account (and such amount is then standing to the credit of a Collateral Account), such that, if the principal amount of the Loan were decreased by the amount so deposited and the financial covenant was re-tested, the TTM Debt Yield covenant above would have been satisfied.

(d) *Projected Debt Yield*

- (i) The Borrower must ensure that, Projected Debt Yield is, at all times, equal to or higher than the Debt Yield Default Level.
- (ii) The Projected Debt Yield covenant set out above shall be tested on each Test Date but on each Test Date the test shall be calculated using the figures applicable to the most recently preceding Interest Payment Date falling in November.
- (iii) Subject to the limitations on cure rights set out in the Senior Facility Agreement (as described below), there shall be no breach of the Projected Debt Yield covenant to the extent that, within 15 Business Days following any Test Date in respect of which the Projected Debt Yield covenant above is not satisfied, the Borrower:
 - (A) prepays the Loan in an amount such that, immediately following such prepayment, the Projected Debt Yield covenant above would have been satisfied had such prepayment been taken into account; or

- (B) deposits an amount into a Collateral Account such that, if the principal amount of the Loan were decreased by the amount so deposited and the financial covenant was re-tested, the Projected Debt Yield covenant above would have been satisfied; or
- (C) elects in a Compliance Certificate to apply an amount previously deposited in the Collateral Account (and such amount is then standing to the credit of a Collateral Account), such that, if the principal amount of the Loan were decreased by the amount so deposited and the financial covenant was re-tested, the Projected Debt Yield covenant above would have been satisfied.

(e) *Loan to Value*

- (i) The Borrower must ensure that the Loan to Value ratio does not, at any time, exceed 80 per cent..
- (ii) Subject to the limitations on cure rights set out in the Senior Facility Agreement (as described below), no breach of the Loan to Value covenant above will be deemed to arise if within 15 Business Days following any Test Date in respect of which the undertaking at paragraph (i) above is not satisfied, the Borrower:
 - (A) makes a prepayment of the Loan sufficient so that, after giving effect to such prepayment, the Loan to Value is not greater than 75 per cent; or
 - (B) deposits an amount into a Collateral Account such that, if the principal amount of the Loan were decreased by the amount so deposited and the financial covenant was re-tested, the Loan to Value covenant above would have been satisfied; or
 - (C) irrevocably elects in a Compliance Certificate to apply an amount previously deposited in the Collateral Account (and such amount is then standing to the credit of a Collateral Account), such that, if the principal amount of the Loan were decreased by the amount so deposited and the financial covenant was re-tested, the Loan to Value covenant above would have been satisfied.

(f) *Limit on Cure Rights*

- (i) A cure by the Borrower made in relation to Historical Interest Cover Ratio, Projected Interest Coverage Ratio, Debt Yield, Projected Debt Yield or Loan to Value, may not be exercised in aggregate in respect of:
 - (A) more than two consecutive Test Dates; and
 - (B) more than four times during the life of the Facility.
- (ii) For the purposes of paragraph (i) above, any cure made in respect of a Test Date which cures more than one financial covenant shall only be deemed to have been exercised once.

General Undertakings

The Obligors have given customary undertakings in relation to themselves, the Property and the Finance Documents, which shall remain in force from the date of the Senior Facility Agreement for so long as any amount is outstanding under the Finance Documents or any Loan Commitment is in force. Certain of these undertakings broadly include the following.

- (a) *Authorisations:* each Obligor shall promptly:
 - (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
 - (ii) supply certified copies to the Facility Agent of any Authorisation required under any law or regulation of its jurisdiction of incorporation to:

- (A) enable it to perform its obligations under the Transaction Documents (other than a Lease Document which is not a Material Lease Agreement) and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Transaction Document; or
 - (B) own its assets and carry on its business as it is being conducted.
- (b) *Compliance with laws:* each Obligor shall comply in all respects with all laws to which it may be subject, if failure so to comply has or could be reasonably likely to have a Material Adverse Effect.
- (c) *Negative pledge:* no Obligor shall:
 - (i) create or permit to subsist any Security over any of its assets; nor
 - (ii) do any of the following (each defined as “Quasi-Security”):
 - (A) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor;
 - (B) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (C) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (D) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
 - (iii) Paragraphs (i) and (ii) above do not apply to the following Security or (as the case may be) Quasi-Security listed below:
 - (A) the Transaction Security;
 - (B) any lien arising by operation of law and in the ordinary course of trading; and
 - (C) any Security that is released on the Utilisation Date.
- (d) *Disposals:* no Obligor shall enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to dispose of all or any part of any asset.

This restriction does not apply to any disposal:

- (i) which is not otherwise prohibited by the provisions in the Senior Facility Agreement relating to Occupational Leases and Student and Residential Term Leases;
- (ii) of a Property or the shares or units (as applicable) in an Obligor (excluding the Borrower), in each case in accordance with the Senior Facility Agreement;
- (iii) of obsolete assets which have outlasted their useful life and which are no longer required for the efficient operation of its business (excluding any Property or Obligor);
- (iv) of cash by way of a payment out of an Account in accordance with the Senior Facility Agreement;
- (v) made in the ordinary course of trading of any asset subject to the floating charge created under a Security Agreement;

(vi) arising pursuant to a compulsory purchase of any Property provided that the proceeds of such disposal are applied in prepayment of the Loan in accordance with the mandatory prepayment provisions of the Senior Facility Agreement;

(vii) of the:

(A) KX Freehold Interest from the Borrower to the KX Unit Trust; or

(B) SF Freehold Interest from the Borrower to the SF Unit Trust

which is a Permitted Restructuring

(viii) An Obligor may dispose of its Property or its shares or units (as applicable) in an Obligor (other than the Borrower) if:

(A) no Default is continuing or would result from that disposal;

(B) that disposal is on arm's length terms; and

(C) the net disposal proceeds are not less than the aggregate of:

(1) the Release Amount in respect of that Property or the Property owned by that Obligor; and

(2) an amount equal to any prepayment fees and any other amount that is or will become due and payable in accordance with the restrictions set out in the "prepayment" section of the Senior Facility Agreement as a result of the application of the net disposal proceeds in prepayment of the Loan,

(D) The Obligors must ensure that the Disposal Proceeds are immediately paid into a Prepayment Account for application in accordance with the provisions relating the Prepayment Account under the Senior Facility Agreement.

(E) For the purposes of this restriction, net disposal proceeds means the gross proceeds of any disposal permitted under paragraph (C) above less an amount equal to the reasonable costs and expenses associated with that disposal.

(F) A Property disposed of, or a Property owned by an Obligor the shares or units (as applicable) of which are disposed of, in accordance with paragraph (C) above will cease to be a Property.

(e) *Financial Indebtedness*

(i) No Obligor may incur or permit to be outstanding any Financial Indebtedness.

(ii) Paragraph (i) does not apply to:

(A) in respect of an Additional Guarantor, any Financial Indebtedness repaid on or prior to the Utilisation Date;

(B) any Financial Indebtedness incurred under the Finance Documents;

(C) any Existing Third Party Indebtedness prior to the Utilisation Date; or

(D) any Subordinated Debt.

(f) *Lending and guarantees*

- (i) Save, in respect of an Additional Guarantor on the Accession Date only, as disclosed in the Reports, no Obligor may be the creditor in respect of any loan or any form of credit to any person other than another Obligor by way of Subordinated Debt.
- (ii) No Obligor may give or allow to be outstanding any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person or enter into any document under which that Obligor assumes any liability of any other person other than any guarantee or indemnity given under the Transaction Documents or to ProGEA in connection with the Environmental Report.

(g) *Application of FATCA*

The Borrower shall procure that no Obligor shall become a US Tax Obligor.

(h) *Merger*

No Obligor shall enter into any amalgamation, demerger, merger or corporate reconstruction other than the Permitted Restructuring, including the solvent liquidation of each Restricted Company.

(i) *Change of business*

- (i) No Obligor may carry on any business other than:
 - (A) in the case of the Borrower, the ownership of the Original Guarantors;
 - (B) in the case of the Original Guarantors, the ownership of the Additional Guarantors; and
 - (C) in the case of each Obligor, the Business and acquisition, development, ownership, management and financing of its interests in the Property or Properties in which it has an interest and the steps detailed in the Permitted Restructuring.
- (ii) The Borrower must not have any direct Subsidiary other than the Original Guarantors.
- (iii) The Original Guarantors must not have any Subsidiary other than the Additional Guarantors.
- (iv) No Additional Guarantor may have any Subsidiary which is not an Obligor.

(j) *Acquisitions*

No Obligor may make any acquisition or investment other than as expressly permitted under the Senior Facility Agreement or as part of a Permitted Restructuring.

(k) *Other agreements*

- (i) No Obligor may enter into any material agreement other than:
 - (A) the Transaction Documents;
 - (B) the PSP Undertaking;
 - (C) any other agreement expressly allowed under any other term of the Senior Facility Agreement;
 - (D) (subject to the undertakings relating to property managers in the Senior Facility Agreement) agreements entered into in the ordinary course of owning, operating and maintaining, refurbishing and letting a Property;

- (E) agreements entered into in connection with the corporate administration and operation of any Obligor; and
 - (F) in respect of an Additional Guarantor on the Accession Date only, any material agreement disclosed in the Reports.
- (ii) No Obligor may amend, supplement, extend or waive any term of any Acquisition Document, constitutional document of an Obligor, any document entered into by an Obligor in connection with the Permitted Restructuring, and/or other documents falling within limb (k) of the definition of Transaction Documents, where such amendment, supplement, extension or waiver could be reasonably expected to be prejudicial to the interests of the Finance Parties, without the prior written consent of, and on terms approved by, the Facility Agent (acting on the instructions of the Majority Lenders), such consent not to be unreasonably withheld or delayed.
- (l) *Shares, dividends and share redemption*
 - (i) No Obligor shall:
 - (A) issue any further shares or units (as applicable) save where such new shares or units (as applicable) are issued to the immediate Holding Company of that Obligor and are subject to the Transaction Security; or
 - (B) amend any rights attaching to its issued shares or units where such amendment could be reasonably expected to be prejudicial to the interests of the Finance Parties or adversely affect the enforceability of the Transaction Security, the value or the saleability of the issued shares or units (as applicable), without the prior written consent of, and on terms approved by, the Facility Agent (acting on the instructions of the Majority Lenders).
 - (ii) Except as permitted under paragraph (iii) below, no Obligor shall:
 - (A) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital) or units (as applicable) to any entity which is not an Obligor;
 - (B) repay or distribute any dividend or share premium reserve to any entity which is not an Obligor;
 - (C) pay any management, advisory or other fee to or to the order of any of the shareholders of the Borrower; or
 - (D) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so.
 - (iii) Paragraph (ii) above does not apply to a Permitted Payment or any payment or distribution which is part of the Permitted Restructuring.
- (k) *VAT group*

No Obligor may be a member of a value added tax group other than a group made up solely of Obligors.
- (l) *Taxes*
 - (i) Each Obligor must pay all Taxes due and payable by it prior to the accrual of any fine or penalty for late payment, unless (and only to the extent that) payment of those Taxes is being contested in good faith, adequate reserves are being maintained for those Taxes and the costs

required to contest them and failure to pay those Taxes could not reasonably be expected to have a Material Adverse Effect.

- (ii) Each Obligor must ensure that its residence for Tax purposes is in the jurisdiction of its incorporation.
- (iii) Each Trustee will take all reasonable steps to ensure that:
 - (A) the Unit Trusts continue to qualify for treatment by the Comptroller of Taxes in Jersey as exempt from tax on any income arising outside of Jersey and, by long standing concession, exempt from tax on any interest which may accrue to it in relation to bank and other deposits within Jersey;
 - (B) the Unit Trusts are treated as transparent Baker Trusts in respect of income for United Kingdom tax purposes as described in the case *Archer-Shee v Baker* (H M Inspector of Taxes) (11 TC 749); and
 - (C) the central management and decision making of the Unit Trusts and the Trustees and the place at which meetings of each of the Unit Trust's and the Trustees' management are held, are and have been at all times situated in Jersey.
- (iv) Each Trustee and each Obligor will take all reasonable steps to ensure that, save for the Minority Unitholder, the unitholders in each Unit Trust remain resident only in the country of their establishment for all Tax purposes and are not resident in the United Kingdom for Tax purposes and do not have a permanent establishment in the United Kingdom.
- (v) No Obligor shall take any action which is inconsistent with or would have the effect of unwinding any step or revoking any election, filing or notification identified in the Tax Structure Paper.

(m) *Ownership*

Save in the event of a disposal of the shares or units (as applicable) of an Obligor (excluding the Borrower) expressly in accordance with the terms of the Senior Facility Agreement or as a result of a Permitted Liquidation:

- (i) GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited as trustees of the GS London Portfolio II Unit Trust must ensure that at all times they legally own and control (directly or indirectly) each Original Guarantor and that the GS London Portfolio II Unit Trust beneficially owns and controls each Original Guarantor, the Target, Middlesex JV S.à r.l., King's Cross S.à r.l. and Middlesex S.à r.l.;
- (ii) on the Utilisation Date and assuming completion of the Permitted Restructuring, the Original Guarantors must ensure that at all times they legally and (subject to the terms of the relevant Trust Instrument) beneficially own and control (directly or indirectly) each Additional Guarantor excluding the Target, Middlesex JV S.à r.l., King's Cross S.à r.l. and Middlesex S.à r.l.; and
- (iii) the Obligors must ensure that the Shareholder and Minority Shareholder continue to hold all units of GS London Portfolio II Unit Trust.

(n) *Collective Investment Scheme*

Each Obligor must take all reasonable steps to ensure:

- (i) One or more of the unitholders in each Unit Trust is not a "permitted participant" within the meaning of paragraph 9(5) of the Schedule to the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001, as amended.

- (ii) One or more of the unitholders in each Unit Trust is not a member of the same group (within the meaning of section 421 of the Financial Services and Markets Act 2000, as amended) as the Trustee.
- (iii) Each Unit Trust is a collective investment scheme and a unit trust scheme within the meaning of sections 235 and 237, respectively, of the Financial Services and Markets Act 2000.

(o) *Payment of Expenses*

Each Obligor shall pay or where the Property Manager is responsible for making such payments, shall procure the payment of all Operating Expenses and Structure Costs due and payable promptly following receipt of an invoice in respect of the relevant expense and, in any event, within the timeframe of any agreed credit terms unless (and only to the extent that) payment of such invoice is being contested in good faith.

(p) *Unit Trust Matters*

- (i) No Obligor shall, without the prior consent of the Facility Agent:
 - (A) terminate, amend, waive or agree to any termination, amendment or waiver of a Trust Instrument (other than minor amendments of an administrative or procedural nature which are not inconsistent with the provisions of any of the Transaction Documents);
 - (B) enter into any agreement or arrangement in breach of a Trust Instrument or which is inconsistent with a Trust Instrument;
 - (C) admit, replace or remove any trustee of a Unit Trust or appoint a new trustee of a Unit Trust;
 - (D) waive, or agree to any waiver of any provision of a Trust Instrument;
 - (E) amend or permit the amendment of the terms of issue of any Units in a Unit Trust or any rights attaching thereto; or
 - (F) permit any change in the capital structure of a Unit Trust.
- (ii) Each Obligor shall comply with all its material obligations (if any) under the Trust Instruments.
- (iii) No Trustee may amend or permit the amendment of its constitutional documents.
- (iv) Notwithstanding the Security created over the Units pursuant to the Jersey Security Interest Agreements, each Obligor undertakes and agrees that it shall remain liable to observe and perform all of the conditions and obligations assumed by it or by which (as holder of the relevant Units) it is bound.

(q) *Trustees*

Each Obligor agrees and undertakes to procure that no trustee of a Unit Trust shall be permitted to retire from its position as a trustee of a Unit Trust except with the prior written consent of the Facility Agent and upon terms acceptable to the Facility Agent (acting on the instructions of the Majority Lenders), including (without limitation) as to the transfer of the Trust Property, assignment or novation of any Transaction Document and entry by the outgoing and incoming trustee into all other documentation as the Finance Parties shall reasonably require in each case in its capacity as trustee of that Unit Trust and in its own corporate capacity.

(r) *Income of Unit Trusts*

Each Obligor, as a unitholder in the relevant Unit Trust irrevocably agrees that the rent and any other Trust Income arising in respect of the relevant Unit Trust and belonging to that Obligor (as a unitholder in respect of that Unit Trust) may be applied (notwithstanding the provisions of the Trust Instruments) by the trustees of the relevant Unit Trusts or a Finance Party to meet the obligations owed by the Obligors to the Finance Parties pursuant to the Finance Documents and hereby irrevocably instructs the trustees of the relevant Unit Trusts or any Finance Party to so apply the said rent and any other such Trust Income pursuant to the terms of the Finance Documents and irrevocably instructs the trustees of the relevant Unit Trusts to grant Security over all Trust Income and each of the Accounts held in the name of the Obligors as set out in each Jersey Security Interest Agreement, and agrees that its interests in all such property and assets are overreached by such Security and that the Finance Parties may act in respect of such property and assets as if the trustees of the Unit Trust were (subject to the Security) the legal and beneficial owners thereof, and so that the beneficiary or acquirer of any such property or assets (whether a Finance Party or other person and whether on any realisation or enforcement pursuant to such Security or otherwise) will take free of its interests in such property and assets; any claim any person has in respect of any such property and assets shall be against the trustees of the relevant Unit Trust only.

(s) *Sanctions*

- (i) No Obligor shall use, lend, make payments of, contribute or otherwise make available, all or any part of the proceeds of the Facility to fund or finance any business activities or transactions:
 - (A) of or with a Restricted Party;
 - (B) of a person or entity listed on, or which is owned or controlled by a person whose name is listed on, or acting on behalf of a person whose name is listed on a Sectoral Sanctions List, to the extent that such activities are prohibited by the Sectoral Sanctions List; or
 - (C) in any other manner which would result in any Obligor or any Finance Party being in breach of any Sanctions or becoming a Restricted Party.
- (ii) No Obligor shall fund all or part of any payment in connection with a Finance Document out of the proceeds derived from business transactions with a Restricted Party or which is in breach of any Sanctions from any Sanctions Authority.

(t) *Anti-corruption law*

- (i) No Obligor shall directly or knowingly indirectly use the proceeds of the Facility for any purpose which would breach any Anti-Corruption Law.
- (ii) Each Obligor shall:
 - (A) conduct its business in compliance with applicable Anti-Corruption Laws; and
 - (B) maintain policies and procedures designed to promote and achieve compliance with applicable Anti-Corruption Laws.

(u) *Permitted Restructuring*

- (i) The Borrower shall apply all amounts borrowed by it and shall comply with each of the steps to be carried out in accordance with the Permitted Restructuring in all material respects.
- (ii) Each Obligor shall ensure that all steps, elections, filings and notifications identified in the Tax Structure Paper are made or completed in all material respects on the date on which they are scheduled to be made or completed.

(v) *Restricted Companies*

- (i) The Obligors must ensure that each Restricted Company is liquidated on a solvent basis on the Utilisation Date.
- (ii) Prior to the date on which a Restricted Company is liquidated on a solvent basis, no Restricted Company will be permitted to undertake any business activities, incur any liabilities or make any acquisition or investments.

Property Undertakings

The undertakings set out below are broadly given by the Obligors under the Senior Facility Agreement and remain in force for so long as any amount of the Secured Liabilities is outstanding under the Finance Documents or any commitment is in force:

(a) *Title*

- (i) Save as disclosed in a Property Report, each Obligor must exercise its rights and comply in all respects with any material covenant, stipulation or obligation (restrictive or otherwise) at any time affecting its Property.
- (ii) No Obligor may agree to any material amendment, supplement, waiver, surrender or release of any covenant, stipulation or obligation (restrictive or otherwise) at any time affecting its Property without the prior written consent of the Majority Lenders (such consent not to be unreasonably withheld or delayed).
- (iii) Each Obligor must promptly take all such steps as may be necessary to enable the Security created by the Security Documents to be registered, where appropriate, at the applicable Land Registry.

(b) *Occupational Leases and Student and Residential Short Term Leases*

- (i) Subject to paragraph (ii) below, no Obligor may without the consent of the Facility Agent (acting on the instructions of the Majority Lenders, such consent not to be unreasonably withheld or delayed):
 - (A) enter into any Agreement for Lease for the grant of a Lease Document;
 - (B) other than under an Agreement for Lease in accordance with paragraph (i)(A) above, grant or agree to grant any new Lease Document;
 - (C) agree to any material amendment, supplement, extension, waiver, surrender or release in respect of any Lease Document;
 - (D) exercise any right to break, determine or extend any Lease Document;
 - (E) commence any forfeiture or irritancy proceedings in respect of any Lease Document;
 - (F) grant any licence or right to use or occupy any Student Accommodation other than:
 - (1) pursuant to a Student and Residential Short Term Lease; or
 - (2) where the Obligor is required to grant consent to the same under any Lease Document in place as at the Signing Date or as a result of any statutory requirement;
 - (G) consent to any sublease or assignment of any tenant's interest under any Lease Document save where the Obligor is required to grant such consent under such Lease Document or as result of any statutory requirement;

- (H) agree to any change of use under, or (except where required to do so under the terms of the relevant Lease Document) downwards rent review in respect of, any Lease Document; or
 - (I) serve any notice on any former tenant under any Lease Document (or on any guarantor of that former tenant) which would entitle it to a new lease or tenancy.
- (ii) The provisions of paragraph (i) above shall not apply:
 - (A) in respect of a Lease Document which is not and which would not constitute a Material Lease Document;
 - (B) to the extent the relevant matter is expressly contemplated in the Business Plan; and
 - (C) if no Default has occurred which is continuing.
- (iii) Each Obligor must:
 - (A) diligently collect or procure to be collected all Operating Income;
 - (B) exercise its rights and comply with its obligations under each Material Lease Document (provided that nothing in this sub-clause will prohibit or restrict the ability of an Obligor to make use of any applicable grace periods in any Lease Document) where to do so is in accordance with the principles of good estate management which would be applied by a prudent, reasonable and diligent manager of properties similar to the Properties;
 - (C) exercise its rights (but may refrain from exercising such rights where to do so is in accordance with the principles of good estate management which would be applied by a prudent, reasonable and diligent manager of properties similar to the Properties) and comply with its material obligations (which shall include without limitation any payment obligations) under each Student and Residential Short Term Lease where a failure to comply with such material obligations could reasonably be expected to materially and adversely affect the value, saleability or use of that Property; and
 - (D) use its reasonable endeavours to ensure that each tenant complies with its obligations under each Lease Document where to do so would be in accordance with principles of good estate management which would be applied by a prudent, reasonable and diligent manager of properties similar to the Properties,

in a proper and timely manner.

- (iv) Each Obligor must supply to the Facility Agent in electronic format, a copy of each Material Lease Document, each amendment, supplement or extension to a Material Lease Document and each document recording any rent review in respect of a Material Lease Document promptly upon entering into the same.
- (v) The Obligors must use their reasonable endeavours to find tenants for any vacant space lettable in the Properties with a view to granting a Lease Document with respect to that space.
- (vi) No Obligor may grant or agree to grant any Lease Document without including in the alienation covenant a provision for the proposed assignor on any assignment to guarantee obligations of the proposed assignee until that assignee is released under the terms of the Landlord and Tenant (Covenants) Act 1995 where commercially sensible and reasonable to do so.

(c) *Headleases*

- (i) Subject to paragraph (iii) below, each Obligor must:

- (A) exercise its rights and comply with its obligations under each Headlease;
- (B) use its reasonable endeavours to ensure that each landlord complies with its obligations under each Headlease; and
- (C) if so required by the Security Agent (acting on the instructions of the Secured Parties), apply for relief against forfeiture or irritancy of any Headlease,

in a proper and timely manner.

(ii) No Obligor may:

- (A) agree to any amendment, supplement, waiver, surrender or release of any Headlease;
- (B) exercise any right to break, determine or extend any Headlease;
- (C) agree to any rent review in respect of any Headlease; or
- (D) do or allow to be done any act as a result of which any Headlease may become liable to forfeiture or otherwise be terminated.

(iii) Neither paragraph (i) above, nor the undertakings relating to headleases in the Senior Facility Agreement, shall apply at any time whilst the landlord under any Headlease is also an Obligor.

(iv) No Obligor shall take any action to commence forfeiture or irritancy proceedings in respect of any Headlease.

(d) *Maintenance*

(i) Each Obligor must ensure that its interests in all buildings, plant, machinery, fixtures and fittings on its Property are in, and maintained in:

- (A) good and substantial repair and condition and, as appropriate, in good working order, ordinary wear and tear excepted;
- (B) such repair, condition and order as to enable them to be let in accordance with all applicable laws and regulations; for this purpose, a law or regulation will be regarded as applicable if it is either:
 - (1) in force; or
 - (2) it is expected to come into force and a prudent property owner in the same business as the Obligor would ensure that its buildings, plant, machinery, fixtures and fittings were in such condition, repair and order in anticipation of that law or regulation coming into force,

provided that nothing in these provisions shall place an Obligor under an obligation to put any asset into a better state of repair than such asset was in as at the date of the Initial Valuation.

(ii) Each Obligor must:

- (A) enforce their rights of repair against the tenants under the Student and Residential Short Term Lease Documents where to do so would be in the interests of good estate management;
- (B) not at any time without the prior written consent of the Security Agent (such consent not to be unreasonably withheld or delayed) sever or remove any of the fixtures forming part of its Property or any of the plant and machinery (other than stock in trade or work in progress) on or in its Property (except for the purpose of any

necessary repairs or replacement of it or in accordance with any development or capital expenditure permitted under the Senior Facility Agreement) if to do so would reasonably be expected to have a materially adverse effect on the value, saleability or use of the Properties or the enforceability of the Transaction Security; and

- (C) enforce their rights under the Construction Contracts where commercially sensible and reasonable to do so.
 - (iii) Any Construction Recovery Proceeds must, if the Facility Agent so requires, be paid into a Prepayment Account for application in accordance with the provisions relating to the Prepayment Account in the Senior Facility Agreement.
 - (iv) These provisions shall not operate to impose any greater obligation on the relevant Obligor in relation to the maintenance of each Excluded Property than as set out in the relevant lease of each Excluded Property.
- (e) *Development*
- (i) Save with the prior consent of the Majority Lenders (such consent not to be unreasonably withheld or delayed), no Obligor may:
 - (A) make or allow to be made any application for planning permission in respect of any part of its Property; or
 - (B) carry out, or allow to be carried out, any demolition, construction, structural alterations or additions, development or other similar operations in respect of any part of its Property.
 - (ii) Paragraph (i) above shall not apply to:
 - (A) the maintenance of the buildings, plant, machinery, fixtures and fittings in accordance with the Transaction Documents;
 - (B) the carrying out of non-structural improvements or alterations which affect only the interior of any building on a Property;
 - (C) the carrying out of works in accordance with the Business Plan and which are funded either from:
 - (1) the Capex Reserve Account; or
 - (2) Subordinated Debt or equity; or
 - (D) any works:
 - (1) permitted to be carried out by (or on behalf of) a tenant under any Lease Document;
 - (2) in respect of which an Obligor cannot reasonably withhold their consent to under the terms of the relevant Lease Document; and/or
 - (3) in respect of which the relevant Obligor's consent is not required.
 - (iii) Save as disclosed in the Reports, each Obligor must comply in all material respects with all planning laws, permissions, agreements and conditions to which its Property may be subject.
 - (iv) The Borrower and the Obligors shall:
 - (A) use reasonable endeavours to obtain BLFB Limited (**Bovis**) consent to:

- (1) assign the development agreement dated 3 May 2006 between King's Cross S.à r.l., BLFB Limited and Bovis Lend Lease Holdings Limited (**Bovis DA**) to the KX Unit Trust Trustees; and
 - (2) assign the benefit of the Bovis DA to the Security Agent;
 - (B) update the Security Agent from time to time and when requested as to the status of obtaining such consent; and
 - (C) notify the Security Agent as soon as reasonably practicable after receipt of Bovis' consent to such assignment.
- (v) The Borrower and the Obligor shall:
 - (A) use reasonable endeavours to obtain ITC Concepts Limited (**Contractor**) consent to:
 - (1) assign the building contract dated 13 August 2014 between the Contractor and Middlesex S.à r.l. (**SF Building Contract**) to the SF Unit Trustees; and
 - (2) assign the benefit of the SF Building Contract to the Security Trustee;
 - (B) update and Security Trustee from time to time and when requested as to the status of obtaining such consent; and
 - (C) notify the Security Trustee as soon as reasonably practicable after receipt of the Contractor's consent to such assignments.
- (vi) As soon as reasonably practicable after the Completion Date, the Borrower shall notify the Royal Borough of Kensington and Chelsea of the change of ownership of the NH Property, and provide evidence of the same to the Security Agent.
- (vii) The Obligors shall:
 - (A) use reasonable endeavours to register and respond to any applicable requisitions from the Land Registry in respect of the following deeds relating to the SF Property on the title of the SF Property and on the title of the relevant neighbouring property to which it relates:
 - (1) deed dated 5 November 2008 between Middlesex S.à r.l. and Jeffrey Stephen Branch and Julia Branch;
 - (2) deed dated 7 December 2007 between Middlesex S.à r.l. and Faulker Flats Limited;
 - (3) deed dated 14 January 2008 between Middlesex S.à r.l., Mark Iestyn Griffith and Abigail Jane Edwards; and
 - (4) deed dated 1 May 2008 between Middlesex S.à r.l. and Ann Marguerite Haslam;
 - (B) use reasonable endeavours to register and respond to any applicable requisitions from the Land Registry in respect of the following deeds relating to the SF Property on the title of the relevant neighbouring property to which it relates:
 - (1) deed dated 10 November 2008 between Middlesex S.à r.l. and Steamship Mutual Property Holdings; and
 - (2) deed dated 24 January 2012 between Middlesex S.à r.l. and Dominion Corporate Trustees Limited and Dominion Trust Limited; and

- (C) notify the Security Agent, and provide evidence of the same, as soon as reasonably practicable after registration of each of the deeds.
 - (viii) As soon as reasonably practicable after the Completion Date, the Borrower and the Obligor shall assign the benefit of any Existing AFL which constitutes a Material Lease Document to the Security Agent, and provide evidence of the same to the Security Agent.
 - (ix) To the extent that SF/Service Offices Lease is renewed or extended, the relevant Obligor shall incorporate covenants restricting tenants from applying for residential parking permits in any new residential tenancy agreements in respect of the SF Freehold Interest to ensure compliance with the agreement entered into pursuant to section 106 of the Town and Country Planning Act 1990 between GE Commercial Financing Services Real Estate Properties Limited, Middlesex SARL and the LB of Tower Hamlet.
- (f) *Notices*
- Each Obligor must, within 14 days after the receipt by it of any application, requirement, order or notice served or given by any public or local or any other authority or any landlord with respect to its Property (or any part of it):
- (i) deliver a copy to the Security Agent; and
 - (ii) inform the Security Agent in writing of the steps taken or proposed to be taken to comply with the relevant requirement, order or notice,
- in both cases, with a copy to the Facility Agent.
- (g) *Power to remedy*
- (i) If an Obligor fails to perform any obligations under the Finance Documents affecting its Property, that Obligor must allow the Security Agent or its agents and contractors:
 - (A) to enter any part of its Property, subject to due observance of any rights of the lessees pursuant to Occupational Leases of any part of the Property,
 - (B) to comply with or object to any notice served on that Obligor in respect of its Property; and
 - (C) to take any action that the Security Agent may reasonably consider necessary to prevent or remedy any breach of any such term or to comply with or object to any such notice.
 - (ii) Each Obligor must promptly on request by the Security Agent pay the remuneration costs and expenses of the Security Agent or its agents and contractors properly incurred in connection with any action taken by it under these provisions.
 - (iii) No Finance Party shall be obliged to account as mortgagee or heritable creditor in possession as a result of any action taken under these provisions.
- (h) *Property Managers*
- (i) No Obligor may:
 - (A) appoint any Property Manager (other than an appointment of another entity which is a Qualified Manager);
 - (B) amend, supplement, extend or waive any term of any Property Management Agreement where such amendment, supplement, extension or waiver is prejudicial to

the interests of the Finance Parties (including anything which results in any increase in the amounts of any fees, commissions or other amounts payable thereunder); or

- (C) terminate the appointment of any Property Manager save where the replacement agent to be appointed is a Qualified Manager,

without the prior consent of, and on terms approved by, the Facility Agent (such consent and approval not to be unreasonably withheld or delayed).

- (ii) Each Obligor must ensure that a Property Manager is appointed in respect of each Property at all times.
- (iii) Each Obligor must ensure that each Property Manager of any Property:
 - (A) enters into a Duty of Care Agreement with the Security Agent;
 - (B) acknowledges to the Security Agent that it has notice of the Security created by the Finance Documents; and
 - (C) agrees to pay all Operating Income received by it into the Rent Collections Account(s) without any withholding, set-off or counterclaim, save as permitted by the relevant Property Management Agreement.
- (iv) If a Property Manager is in default of its obligations under a Property Management Agreement and, as a result, an Obligor is entitled to terminate that Property Management Agreement, then, if the Facility Agent so requires, that Obligor must promptly use reasonable endeavours to:
 - (A) terminate the relevant Property Management Agreement; and
 - (B) appoint a new Property Manager in accordance with these provisions.

(i) *Construction Managers*

- (i) No Obligor may:
 - (A) appoint any Construction Manager other than a replacement construction manager which is an Affiliate of Greystar Europe Holdings Limited;
 - (B) amend, supplement, extend or waive any term of any Construction Management Agreement where such amendment, supplement, extension or waiver is prejudicial to the interest of the Finance Parties or results in any increase in the amounts of any fees, commissions or other amounts payable thereunder; or
 - (C) terminate the appointment of any Construction Manager save where a replacement construction manager is being appointed in accordance with paragraph (i)(A) above,

without the prior written consent of, and on terms approved by, the Facility Agent (such consent and approval not to be unreasonably withheld or delayed).

- (ii) No Obligor may pay any fees, costs, expenses due to be paid to the Construction Manager other than from funds freely available in the General Account for this purpose.
- (iii) Each Obligor must ensure that each Construction Manager:
 - (A) enters into a Duty of Care Agreement with the Security Agent;
 - (B) acknowledges to the Security Agent that it has notice of the Security created by the Finance Documents; and

- (C) is appointed on arm's length market terms.
- (iv) If a Construction Manager is in default of its obligations under its Construction Management Agreement and, as a result, an Obligor is entitled to terminate that Construction Management Agreement (as the case may be), then, if the Facility Agent (acting on the instructions of the Majority Lenders) so requires, that Obligor must promptly use reasonable endeavours to:
 - (A) terminate the Construction Management Agreement; and
 - (B) only if instructed to do so by the Facility Agent (acting on the instructions of the Majority Lenders), appoint a new Construction Manager in accordance with these provisions.
- (j) *Insurances*
 - (i) From the Utilisation Date, the Borrower must ensure that at all times Insurances are maintained in full force and effect, which:
 - (A) insure each Obligor in respect of its interests in each Property and the plant and machinery on each Property (including fixtures and improvements) for their full replacement value (being the total cost of entirely rebuilding, reinstating or replacing the relevant asset if it is completely destroyed, together with all related fees and demolition costs);
 - (B) provide cover against loss or damage by fire, storm, flood, earthquake, lightning, explosion, impact, aircraft and other aerial devices and articles dropped from them, riot, civil commotion and malicious damage, escape of water (which includes for the avoidance of doubt, bursting or overflowing of water tanks, apparatus or pipes) and all other normally insurable risks of loss or damage;
 - (C) provide cover for site clearance, shoring or propping up, professional fees and value added tax together with adequate allowance for inflation;
 - (D) provide cover against acts of terrorism (including any third party liability arising from such acts) where terrorism cover is available within the London insurance market;
 - (E) provide cover for loss of rent (in respect of a period of not less than three years or, if longer, the minimum period required under the Lease Documents) including provision for any increases in rent during the period of insurance;
 - (F) include property owners' liability and third party liability insurance;
 - (G) insure such other risks as a prudent company in the same business as the Obligors would insure;
 - (H) are with an insurance company or underwriter which:
 - (1) has a Requisite Rating or, if the Insurance is with a group of co-insurance companies or underwriters, that group has the average and single Requisite Rating set out in paragraph (b) of the definition of "Requisite Rating"; or
 - (2) is otherwise acceptable to the Facility Agent; and
 - (I) in each case are in an amount, and in form, acceptable at all times to the Facility Agent (acting reasonably).
 - (ii) The Borrower must procure that the Security Agent (as trustee for the Secured Parties) is named as co-insured under each of the Insurances (other than public liability and third party

liability insurances) but without any liability on the part of the Security Agent or any other Finance Party for any premium in relation to those Insurances prior to the date on which Party becomes a mortgagee in possession (following such date any such liability incurred by the Security Agent or any other Finance Party will be indemnified by the Borrower).

- (iii) The Borrower must procure that the Insurances comply with the following requirements:
 - (A) each of the Insurances must contain:
 - (1) a non-invalidating and non-vitiating clause under which the Insurances will not be vitiated or avoided as against an insured party as a result of any circumstances beyond the control of that insured party or any misrepresentation, non-disclosure, or breach of any policy term or condition, on the part of any other insured party or any agent of any other insured party;
 - (2) a waiver of the rights of subrogation of the insurer as against each Obligor, the Finance Parties and the tenants of each Property; and
 - (3) a loss payee clause in respect of claims in excess of £100,000 per claim otherwise payable to an Obligor in such terms as the Security Agent may reasonably require in respect of insurance claim payments otherwise payable to any Obligor;
 - (B) the insurers must give at least 14 days' written notice to the Security Agent with a copy to the Facility Agent and to the Borrower if any insurer proposes to repudiate, rescind or cancel any Insurance, to treat it as avoided in whole or in part, to treat it as expired due to non-payment of premium or otherwise decline any valid claim under it by or on behalf of any insured party and must give the opportunity to rectify any such non-payment of premium within the notice period; and
 - (C) the relevant Obligor must be free to assign all amounts payable to it under each of its Insurances and all its rights in connection with those amounts in favour of the Security Agent.
- (iv) The Borrower must use all reasonable endeavours to ensure that the Facility Agent receives copies of the Insurances, receipts for the payment of premiums for insurance and any information in connection with the insurances and claims under them which the Facility Agent may reasonably request from time to time.
- (v) The Borrower must promptly notify the Facility Agent of:
 - (A) becoming aware that any insurance company or underwriter ceases to have the Requisite Rating set out in paragraph (b) of the definition of "Requisite Rating", or, if an Insurance is with a group of co-insurance companies or underwriters, that that group ceases to have the average and single Requisite Rating set out in paragraph (b) of the definition of "Requisite Rating";
 - (B) the proposed terms of any future renewal of any of the Insurances;
 - (C) any material amendment, supplement, extension, termination, avoidance or cancellation of any of the Insurances made or, to its knowledge, threatened or pending;
 - (D) any claim, and any actual or threatened refusal of any claim, under any of the Insurances; and
 - (E) any event or circumstance which has led or could reasonably be expected to lead to a breach by any Obligor of any term of these provisions.

- (vi) If an insurance company or underwriter does not have the Requisite Rating set out in paragraph (b) of the definition of “Requisite Rating”, or, if an Insurance is with a group of co-insurance companies or underwriters and that group ceases to have the average and single Requisite Rating set out in paragraph (b) of the definition of “Requisite Rating”, the Borrower must use reasonable endeavours to, on request by the Facility Agent (acting on the instructions of the Majority Lenders), put in place replacement Insurances in accordance with these provisions with an insurance company or underwriter, or a group of co-insurance companies or underwriters, that if an insurance company or underwriter, has the Requisite Rating set out in paragraph (b) of the definition of “Requisite Rating”, and if a group of insurance companies or underwriters, has the average and single Requisite Rating set out in paragraph (b) of the definition of “Requisite Rating”, by the date which is the earlier of the expiry date of the Insurances being replaced and the date falling 60 days after the notification under subparagraph (v)(A) above.
- (vii) Each Obligor must:
 - (A) comply with the terms of the Insurances;
 - (B) not do or knowingly permit anything to be done which may make void or voidable any of the Insurances; and
 - (C) comply with all reasonable risk improvement requirements of its insurers.
- (viii) The Borrower must ensure that:
 - (A) each premium for the Insurances is paid promptly when due; and
 - (B) all other things necessary are done so as to keep each of the Insurances in force.
- (ix) If an Obligor fails to comply with any term of these provisions, the Facility Agent may, at the expense of the Obligors effect any insurance and generally do such things and take such other action as the Facility Agent may reasonably consider necessary to prevent or remedy any breach of these provisions.
- (x) Except as provided below, the proceeds of any Insurances must, if the Facility Agent so requires, be paid into a Prepayment Account for application in accordance with the provisions relating to the Prepayment Account under the Senior Facility Agreement.
 - (A) Save to the extent required by the basis of settlement under any Insurances or under any Lease Document or where the proceeds of such claim do not exceed £100,000, each Obligor must apply moneys received under any Insurances in respect of a Property towards replacing, restoring or reinstating that Property.
 - (B) The proceeds of any loss of rent insurance will be treated as Operating Income and paid into the relevant Rent Collections Account or Rent Reserve Account, as appropriate and applied in such manner as the Facility Agent (acting reasonably and on the instructions of the Majority Lenders) requires to have effect as if it were Operating Income received over the period of the loss of rent.
 - (C) Moneys received under liability policies held by an Obligor which are required by that Obligor to satisfy established liabilities of the Obligor to third parties must be used to satisfy these liabilities.
- (xi) These provisions shall not operate to impose any greater obligation on the relevant Obligor in relation to the insurance of each Excluded Property than as set out in the relevant lease of each Excluded Property.

(k) *Additional Insurance Policies*

- (i) The relevant Obligor shall at all times maintain in full force and effect each Additional Insurance Policy or equivalent insurance cover.
- (ii) No Obligor shall breach the terms of any Additional Insurance Policy or do or refrain from doing anything which could reasonably be expected to result in any invalidation of any Additional Insurance Policy.
- (iii) In respect of each Additional Insurance Policy, in the event that any claim is made or threatened (a ***Claim***), the relevant Obligor shall:
 - (A) as soon as reasonably practicable, and in any event with 5 Business Days of the date upon which the relevant Obligor becomes aware of a Claim, give written notice of the Claim to the Security Agent, specifying in reasonable detail the nature of the Claim; and
 - (B) keep the Security Agent fully informed of the progress of, and all material developments in relation to, the Claim and provide the Security Agent with copies of all information and correspondence relating to such claim.
- (iv) The relevant Obligor shall (to the extent the same is permitted by the relevant Additional Insurance Policies):
 - (A) take (and shall procure that the relevant Obligor shall take) such action as the Security Agent may reasonably request in writing to avoid, dispute, resist, mitigate, compromise or defend a third party claim and to appeal against any judgment given in respect of it; and
 - (B) not (and shall procure that no other relevant Obligor shall) agree any compromise or settlement in relation to a Claim without the prior written consent of the Security Agent (such consent not to be unreasonably withheld or delayed).

(l) *Environmental matters*

- (i) Each Obligor must:
 - (A) comply and use reasonable endeavours to procure that any relevant third party complies with all Environmental Law;
 - (B) obtain, maintain and ensure compliance with all requisite Environmental Permits applicable to it or to a Property; and
 - (C) implement procedures to monitor compliance with and to prevent liability under any Environmental Law applicable to it or a Property,

where failure to do so has or could reasonably be expected to have a Material Adverse Effect or result in any liability for a Finance Party which is not reimbursed by an Obligor.
- (ii) Each Obligor must, promptly upon becoming aware, notify the Facility Agent of:
 - (A) any Environmental Claim started, or to its knowledge, threatened;
 - (B) any circumstances reasonably likely to result in an Environmental Claim; or
 - (C) any suspension, revocation or notification of any Environmental Permit,

which has or, if substantiated, could reasonably be expected to have a Material Adverse Effect or results or could result in any liability for a Finance Party which is not reimbursed by an Obligor.

- (iii) Each Obligor must indemnify each Finance Party against any loss or liability which:
 - (A) that Finance Party incurs as a result of any actual or alleged breach of any Environmental Law by any person; and
 - (B) would not have arisen if a Finance Document had not been entered into,unless it is caused by that Finance Party's gross negligence or wilful default.

(m) *Use*

- (i) Each Property shall only be used for student accommodation, vacation lettings, residential lettings (on assured shorthold tenancies), retail, offices, leisure and ancillary matters (including serviced apartments, events, conferences and educational training, car parks or similar purposes).
- (ii) Without the prior written consent of the Facility Agent, there shall be no application for any planning consent for any material change of use of the Properties.

(n) *Assignment of Consent Agreements*

Immediately upon the occurrence of an Event of Default, if so directed by the Security Agent (acting on the instructions of the Majority Lenders), each Obligor which has the benefit of any Consent Agreement will carry out every action necessary to effect a legal assignment of such Consent Agreement in favour of the Security Agent.

Events of default

Each of the events or circumstances summarised below is an Event of Default under the Senior Facility Agreement.

(a) *Non-payment*

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable unless:

- (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; and
- (ii) payment is made within 3 Business Days of its due date.

(b) *Financial covenants*

Any requirement of the financial covenants under the Senior Facility Agreement is not satisfied.

(c) *Other obligations*

- (i) An Obligor does not comply with any term of:
 - (A) the provisions relating to the Utilisation Date conditions subsequent to be delivered on the Utilisation Date set out in the Senior Facility Agreement;

- (B) the conditions precedent to the Second Transfer Date set out in the Senior Facility Agreement;
 - (C) any conditions subsequent set out in the Senior Facility Agreement;
 - (D) the hedging provisions set out in the Senior Facility Agreement;
 - (E) the provisions relating to bank accounts set out in the Senior Facility Agreement (with certain exceptions);
 - (F) the provisions relating to notification of default set out in the Senior Facility Agreement;
 - (G) the provisions relating to Negative Pledge, Disposals, Financial Indebtedness, Lending and guarantees, Merger, Acquisitions, Shares, dividends and share redemption, Ownership or Permitted Restructuring as set out in the Senior Facility Agreement;
 - (H) the provisions relating to insurance and Occupational Leases and Student Residential Term Leases; or
 - (I) the provisions relating to assignment of Consent Agreements set out in the Senior Facility Agreement;
- (ii) A Transaction Obligor (or, if relevant, the Trustees acting as trustee of the relevant Transaction Obligor) does not comply with any provision of the Finance Documents (other than certain non-payment or financial covenants provisions).
 - (iii) No Event of Default under paragraph (ii) above will occur if the failure to comply is capable of remedy and is remedied within 15 Business Days of the earlier of (i) the Facility Agent giving notice to the Borrower and (ii) any Obligor becoming aware of the failure to comply.

(d) *Misrepresentation*

Any representation or statement made or deemed to be made by a Transaction Obligor in the Finance Documents or any other document delivered by or on behalf of any Transaction Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made by reference to the facts and circumstances then existing at the time, unless the circumstances giving rise to such misrepresentation or breach of warranty are capable of remedy and are remedied on or before the date falling 15 Business Days after the earlier of:

- (i) the Facility Agent giving notice to the Borrower of the misrepresentation or breach of warranty; and
- (ii) that party becoming aware of the misrepresentation or breach of warranty.

(e) *Cross default*

Any of the following occurs in respect of any Obligor:

- (i) Any Financial Indebtedness (other than any Subordinated Debt) of any Obligor is not paid when due nor within any originally applicable grace period.
- (ii) Any Financial Indebtedness (other than any Subordinated Debt) of any Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

- (iii) Any commitment for any Financial Indebtedness (other than any Subordinated Debt) of any Obligor is cancelled or suspended by a creditor of any Obligor as a result of an event of default (however described).
 - (iv) Any creditor of any Obligor becomes entitled to declare any Financial Indebtedness (other than any Subordinated Debt) of any Obligor due and payable prior to its specified maturity as a result of an event of default (however described).
- (f) *Insolvency*
 - (i) A Transaction Obligor:
 - (A) is in a state of cessation of payments (*cessation des paiements*) and has lost its commercial creditworthiness (*ébranlement de crédit*);
 - (B) is unable or admits inability to pay its debts as they fall due;
 - (C) is deemed to, or is declared to, be unable to pay its debts under applicable law;
 - (D) suspends or threatens to suspend making payments on any of its debts;
 - (E) becomes bankrupt within the meaning of Article 8 of the Interpretation (Jersey) Law 1954; or
 - (F) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to rescheduling any of its indebtedness.
 - (ii) The value of the assets of any Obligor, the Shareholder or Minority Unitholder is less than its liabilities (taking into account contingent and prospective liabilities).
 - (iii) A moratorium is declared in respect of any indebtedness of any Transaction Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.
- (g) *Insolvency proceedings*
 - (i) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Transaction Obligor other than pursuant to a Permitted Liquidation;
 - (B) a composition, compromise, assignment or arrangement with any creditor of any Transaction Obligor;
 - (C) a declaration of en désastre being made in respect of any Transaction Obligor;
 - (D) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer (including without limitation, the Viscount) in respect of any Transaction Obligor or any of its assets; or
 - (E) enforcement of any Security over any assets of any Transaction Obligor,

or any analogous procedure or step is taken in any jurisdiction.
 - (ii) Paragraph (i) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement.

(h) *Creditors' process*

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of an Obligor, a Subordinated Creditor, Shareholder or Minority Unitholder and is not discharged within 30 days.

(i) *Cessation of business*

An Obligor suspends or ceases to carry on (or threatens to suspend or cease, to carry on) all or a material part of its business except as a result of any disposal allowed under the Senior Facility Agreement.

(j) *Unlawfulness and invalidity*

(i) It is or becomes unlawful for a Transaction Obligor to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Security Documents ceases to be effective or any subordination created under a Subordination Deed is or becomes unlawful.

(ii) Any obligation or obligations of a Transaction Obligor under any Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Finance Parties under the Finance Documents.

(iii) Any Finance Document ceases to be in full force and effect or any Transaction Security or any subordination created under a Subordination Deed ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective as a result of an action taken by a Transaction Obligor.

(k) *Repudiation and rescission of agreements*

A Transaction Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.

(l) *Compulsory purchase*

(i) Any part of any Property is compulsorily purchased or the applicable local authority makes an order for the compulsory purchase of all or any part of any Property; and

(ii) in the opinion of the Majority Lenders (acting reasonably), taking into account the amount and timing of any compensation payable, the compulsory purchase has or will have a Material Adverse Effect.

(m) *Major damage*

(i) Any part of any Property is destroyed or damaged; and

(ii) in the opinion of the Majority Lenders (acting reasonably), taking into account the amount and timing of receipt of the proceeds of insurance effected in accordance with the terms of the Senior Facility Agreement, the destruction or damage has or will have a Material Adverse Effect.

(n) *Headlease*

Forfeiture or irritancy proceedings with respect to a Headlease are commenced or a Headlease is forfeited or irritated or any Headlease is varied or proceedings for variation are commenced, and the courts have refused to grant relief in respect of such forfeiture or irritancy proceedings (or the relevant

Obligor has failed to comply with its obligations under the Senior Facility Agreement to apply for relief against forfeiture or irritancy).

(o) *Permitted Restructuring*

- (i) The Additional Guarantors do not accede on the Utilisation Date.
- (ii) The Additional Security Documents are not executed and delivered by the relevant Obligor on the Utilisation Date.
- (iii) The Second Transfer Date conditions precedent set out in Part D of Schedule 2 (*Conditions Precedent to the Second Transfer Date*) are not executed and delivered by the relevant Obligor on or before the Second Transfer Date Longstop Date.

(p) *Material adverse change*

Any event or circumstance occurs which, in the opinion of the Majority Lenders, has or could reasonably be expected to have a Material Adverse Effect.

Description of the Transaction Security Documents

The obligations of the Obligor under the Finance Documents are secured by the following security interests under the Initial Security Documents and the Additional Security Documents under each English and Jersey law.

English law security

The English law security agreements are as follows:

- (a) A debenture over the Borrower and each Original Guarantor's assets dated 16 April 2015 and made between the Borrower, each Original Guarantor and the Security Agent (the "**First Security Debenture**");
- (b) An accession deed in respect of the First Security Debenture pursuant to which the Additional Guarantors acceded to the First Security Debenture (the "**First Accession Deed**"); and
- (c) a supplemental debenture confirming that the security granted under the First Security Debenture and the First Accession Deed was continuing and further granting security over all of the assets of the Additional Guarantors incorporated in England and Wales dated 17 April 2015 (the "**Second Transaction Security Debenture**" and, together with the First Security Debenture, the "**Debentures**"),

the "**English Security Documents**").

Under the Debentures each Obligor, broadly, granted the following security in favour of the Security Agent:

- (a) a legal mortgage over:
 - (i) the Real Property in England and Wales vested in it at the date of the relevant Debenture; and
 - (ii) the shares of any member of the Group owned legally or beneficially by it;
- (b) a first fixed charge all its rights, title and interest from time to time in and to:
 - (i) the Real Property (to the extent not the subject of a legal mortgage under the Debentures);
 - (ii) the Investments (to the extent not the subject of a legal mortgage under the Debentures);

- (iii) any plant and machinery, vehicles, office equipment, computers and other chattels (excluding any forming part of its stock in trade or work in progress) and all Related Rights;
- (iv) the Accounts;
- (v) to the extent not effectively assigned under the assignment provision of the Debentures, the Insurance Policies and the Assigned Agreements to which it is party;
- (vi) the proceeds under, and the receivables under, any Assigned Agreement to which it is entitled to;
- (vii) the proceeds under any Consent Construction Contract or Consent Collateral Warranty which is not assigned under the assignments provision to which it is entitled to;
- (viii) the proceeds of, and the receivables under, any Insurance Policy or Insurance Policies relating to the Properties to which it is entitled to;
- (ix) any claims in respect of and the right to receive Operating Income;
- (x) any goodwill and rights in relation to its uncalled capital;
- (xi) the benefit of all consents and agreements held by it in connection with the use of any of its assets;
- (xii) the Intellectual Property;
- (xiii) any beneficial interest, claim or entitlement of it to any assets of any pension fund; and
- (xiv) the Monetary Claims,

in each case, excluding any Luxembourg Charged Assets.

- (c) an assignment by way of security, absolutely and unconditionally, of each Obligor's rights, title and interest from time to time in and to:
 - (i) the Insurance Policies;
 - (ii) each Assigned Agreement to which it is a party; and
 - (iii) receivables under any Lease Documents.
- (d) a first floating charge over all its present and future undertaking and assets of whatever type and wherever located.

The security created under the English Security Documents is held on trust by the Security Agent for the Finance Parties.

Jersey law security

The Jersey law security agreements are as follows:

- (a) a Jersey law governed security interest agreement entered into by the Minority Unitholder in respect of the units held by it in the Borrower and each Original Guarantor;
- (b) a Jersey law governed security interest agreement entered into by the Shareholder in respect of the units held by it in the Borrower;
- (c) a Jersey law governed security interest agreement entered into by the Borrower in respect of all intangible movable Jersey-situs assets, including, inter alia:

- (i) any Accounts held by it in Jersey; and
- (ii) the units held by the Borrower in each Original Guarantor;
- (d) a Jersey law governed security interest agreement entered into by the NH Unit Trust Trustees in respect of all intangible movable Jersey-situs assets, including, inter alia any Accounts held by it in Jersey;
- (e) a Jersey law governed security interest agreement entered into by the KX Unit Trust Trustees in respect of all intangible movable Jersey-situs assets, including, inter alia any Accounts held by it in Jersey; and
- (f) a Jersey law governed security interest agreement entered into by the SF Unit Trust Trustees in respect of all intangible movable Jersey-situs assets, including, inter alia any Accounts held by it in Jersey.

Under each Jersey Security Interest Agreement listed in (c) to (f) above, the relevant Obligor, in its capacity as a grantor (the "**Grantors**"), has created security in favour of the Security Agent under the Security Interests (Jersey) Law 2012 over all of its present and future intangible movable property located in Jersey or otherwise subject to Jersey law.

Pursuant to the Jersey Security Documents the Grantors created a first priority security interest in the relevant Grantor's collateral (which, subject to certain exclusions, broadly includes, as the case may be, its rights under intercompany loan agreements governed by Jersey law or owed to it by a Jersey person, shares held by it in Jersey companies or Jersey unit trusts (including in other members of the Group incorporated in Jersey), all of its rights under any other loan agreement governed by Jersey law or owed to it by a Jersey person, any deposit account maintained in Jersey which is held in the name of the relevant Grantor and any other present and future intangible moveable property of the relevant Grantor falling within the scope of the Security Interests (Jersey) Law 2012 and all derivative assets, income, dividends, receivables and interest, in each case attributable to the any of the foregoing rights of a Grantor) (the "**Collateral**").

Second Transfer documents

In accordance with the provisions of the Senior Facility Agreement, a final step of the Permitted Restructuring (as defined in the Senior Facility Agreement) is yet to occur. This will involve ownership of the freehold property interest in relation to the KX Property transferring from its current owner (the Borrower) to GS King's Cross, and the freehold property interest in the SF Property transferring from its current owner (also the Borrower) to GS Spitalfields (the "**Second Transfer**"). Under the Senior Facility Agreement, the Second Transfer must occur on or before 20 November 2015.

Enforceability

The security constituted by the Initial Security Documents and the Additional Security Documents is expressed to be immediately enforceable against the relevant Grantor if an Event of Default occurs and is continuing and, in the case of the Jersey Security Interest Agreements only, provided that the Security Agent has served on the relevant Grantor written notice specifying the Event of Default (being a specific requirement of the Security Interests (Jersey) Law 2012) and subject to the obligation to give notice to certain third parties, where relevant.

The Subordination Agreement

The Original Debtors and the Original Subordinated Creditors entered a subordination agreement dated 16 April 2015 (the "**Subordination Agreement**") by which all present and future liabilities (whether actual or contingent) payable or owing by the Debtors to the Subordinated Creditors from time to time (the "**Subordinated Liabilities**") are subordinated in right of payment to all liabilities payable or owing by any member of the Group to a Finance Party under or in connection with the Finance Documents (the "**Senior Liabilities**") and payment of any amount in relation to the Subordinated Liabilities (except in the case of certain distributions permitted under the Senior Facility Agreement) is conditional upon the Obligors having irrevocably discharged in full all of the Senior Liabilities.

The Additional Guarantors acceded to the Subordination Agreement as both Debtors and Subordinated Creditors on 17 April 2015.

Where:

"Debtors" means an Original Debtor or any member of the Group which accedes to the Subordination Agreement;

"Original Debtors" means GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited in their capacity as joint trustees of GS London Portfolio II Unit Trust; in their capacity as joint trustees of GS Notting Hill Unit Trust; in their capacity as joint trustees of GS King's Cross Unit Trust; and in their capacity as joint trustees of GS Spitalfields Unit Trust.

"Original Subordinated Creditors" means GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited in their capacity as joint trustees of GS London Portfolio II Unit Trust; in their capacity as joint trustees of GS Notting Hill Unit Trust; in their capacity as joint trustees of GS King's Cross Unit Trust; and in their capacity as joint trustees of GS Spitalfields Unit Trust.

"Subordinated Creditor" means an Original Subordinated Creditor, any intragroup lender and any other person which accedes to the Subordination Agreement.

Description of the Bank Account Structure

Rent Collections Account

There is one Rent Collections Account in respect of each of the English Obligors, and the relevant Obligor (or, at the election of that Obligor, a Property Manager) has signing rights in relation to the relevant Rent Collections Account. All Operating Income must be paid into the Rent Collections Accounts and the relevant Obligor or Property Manager (as applicable) may withdraw, transfer or dispose of amounts standing to the credit of the relevant Rent Collections Account. Each Obligor must ensure that all Operating Income collected by it or on its behalf by a Property Manager is promptly paid into its Rent Collections Account and must ensure that any Relevant Quarterly Operating Amounts attributable to the current period are transferred to the Rent Collections Account. If any payment of any Operating Income is paid into an Account other than a Rent Collections Account, that payment must be paid immediately into the relevant Rent Collections Account

Having been notified by the Facility Agent that an Event of Default is continuing, the Security Agent is authorised to take over the operation of each Rent Collections Account and to suspend the rights of the Obligors and the Property Manager of such account.

The Obligors shall (or shall procure that the Property Manager shall) transfer:

- (i) on receipt, any Non-Current Operating Income to the relevant Rent Reserve Account;
- (ii) on a quarterly basis on or before the date falling 5 Business Days prior to each Interest Payment Date:
 - (A) the then Current Operating Expenses to the relevant Operating Accounts;
 - (B) an amount equal to the fees payable under the Property Management Agreement (in the form approved prior to the date of the Senior Facility Agreement or as otherwise amended in accordance with the terms of the Senior Facility Agreement) during the then current Interest Period to such account as the Property Manager may direct;
 - (C) the then Current Structure Costs to the relevant General Account provided that such funds shall only be applied for the purpose of paying such Current Structure Costs; and
 - (D) any surplus remaining to the Debt Service Accounts.

Operating Account

There is one Operating Account in respect of each of the English Obligors, and the Property Manager has sole signing rights in relation to the Operating Accounts. Subject to the terms of the relevant Duty of Care Agreement, the Property Manager may withdraw at any time any amounts standing to the credit of the Operating Account for payment of the Operating Expenses.

Having been notified by the Facility Agent that an Event of Default is continuing, the Security Agent is authorised to take over the operation of each Rent Collections Account and to suspend the rights of the Obligors and the Property Manager of such account.

Prepayment Account

The Security Agent has sole signing rights in relation to the Prepayment Account. All Disposal Proceeds must be paid into the Prepayment Account as must mandatory prepayment amounts. On each Interest Payment Date following a disposal, the Security Agent will instruct the Account Bank to withdraw amounts standing to the credit of the Prepayment Account and apply them to:

- (a) any costs and expenses properly and reasonably incurred by the Facility Agent and/or the Security Agent in connection with the relevant disposal;
- (b) an amount equal to the Release Amount in prepayment of the Loan (including any accrued interest and Break Costs);
- (c) payment of prepayment fees; and
- (d) if a Cash Trap Event or Event of Default is continuing, to the Cash Trap Account; or
- (e) if no Cash Trap Event or Event of Default is continuing, to a General Account.

Debt Service Account

The Security Agent has sole signing rights in relation to each Debt Service Account. The Borrower must ensure that the Hedge Counterparty pays any amount payable to the Borrower under the Hedging Agreement (excluding any Hedging Prepayment Proceeds) directly into a Debt Service Account on the relevant Interest Payment Date.

On each Interest Payment Date, the Security Agent will withdraw from the Debt Service Accounts amounts to apply to:

- (a) first, to pay all remuneration, liabilities, costs, fees and expenses (including any amount representing VAT chargeable in respect of the same) then due and payable to the Facility Agent and/or the Security Agent;
- (b) second, to pay all costs, fees and expenses (including any amount representing VAT chargeable in respect of the same) and any other unpaid amounts then due and payable to the Lenders under the Finance Documents;
- (c) third, to pay to the Facility Agent for the account of the Lenders any accrued interest due but unpaid and any other amounts then due and payable in respect of the Loan;
- (d) fourth, to pay any VAT payable on fees under the Property Management Agreement and Structure Costs then due and payable as notified to the Security Agent in the relevant Compliance Certificate; and
- (e) fifth, to apply such surplus amounts (the aggregate of such surplus amounts, being the remaining balances standing to the credit of the Debt Service Accounts after the transfers referred to in subparagraphs (i) to (iv) above, being **Excess Cash**):
 - (i) if a Cash Trap Event has occurred and is continuing on that Interest Payment Date, by way of payment to the Cash Trap Account for application in accordance with the Cash Trap Account provisions set out in the Senior Facility Agreement; or
 - (ii) if no Cash Trap Event has occurred and is continuing on that Interest Payment Date and the TTM Debt Yield and Historical Interest Cover (as notified to the Facility Agent in the then most recent Compliance Certificate) are:

- (A) greater than the relevant Debt Yield Excess Cash Trigger Level and the ICR Excess Cash Trigger Level respectively, by way of payment to the General Account of the Borrower;
- (B) less than or equal to the relevant Debt Yield Excess Cash Trigger Level or ICR Excess Cash Trigger Level respectively:
 - (1) by way of an application of an amount of Excess Cash equal to 0.25 per cent. of the amount of the Loan as at the Utilisation Date (to the extent that sufficient Excess Cash is available) for immediate prepayment of the Loan; and
 - (2) by way of transfer of any residual Excess Cash remaining in the Debt Service Accounts following the above payment to the General Account of the Borrower.

Rent Reserve Account

The Security Agent has sole signing rights in relation to each Rent Reserve Account. Prior to each Interest Payment Date, the Security Agent may instruct the Account Bank to withdraw amounts standing to the credit of the Rent Reserve Accounts and transfer an amount equal to the Relevant Quarterly Operating Amount to the Rent Collections Account.

Prior to any Interest Payment Date on which a shortfall may arise following application of the monies standing to the credit of a Debt Service Account, the Security Agent may instruct the Account Bank to transfer the amount of the shortfall from any Rent Reserve Account to the relevant Debt Service Account to prevent such shortfall from arising on the relevant Interest Payment Date.

Cash Trap Account

The Security Agent has sole signing rights in relation to each Rent Reserve Account. An amount of Excess Cash will be paid into the Cash Trap Account on each Interest Payment Date on which a Cash Trap Event has occurred and is continuing. The Security Agent is only obliged to make a withdrawal from the Cash Trap Account in accordance with the below if no Event of Default is continuing.

If no Cash Trap Event is continuing on any two consecutive Interest Payment Dates falling after the Interest Payment Date on which a Cash Trap Amount was transferred to the Cash Trap Account, the Security Agent will instruct the relevant Account Bank to transfer an amount equal to that Cash Trap Amount from the Cash Trap Account to the General Account on the relevant Interest Payment Date.

If a Cash Trap Event is continuing on two consecutive Interest Payment Dates falling after the Interest Payment Date on which a Cash Trap Amount was transferred to the Cash Trap Account, the Security Agent will instruct the relevant Account Bank to withdraw an amount equal to that Cash Trap Amount from the Cash Trap Account and apply such amount in prepayment of the Loan in accordance with the provisions relating to the application of mandatory prepayments set out in the Senior Facility Agreement on the second of the two consecutive Interest Payment Dates.

Following the transfer of an amount of Excess Cash into the Cash Trap Account in accordance with the provisions relating to the Debt Service Account set out in the Senior Facility Agreement and subject to certain conditions, the Borrower may request that an amount, up to a maximum of the amount of such Excess Cash transferred, be transferred to the Capex Reserve Account for application in respect of defensive capex projects.

Subject to certain conditions, the Borrower may elect that all or any part of any amounts standing to the credit of the Cash Trap Account are applied in voluntary prepayment of the Loan in accordance with the provisions relating to voluntary prepayment of the Loan set out in the Senior Facility Agreement.

Capex Reserve Account

The Borrower has signing rights in relation to the Capex Reserve Account and may, subject to certain conditions, withdraw, transfer or dispose of amounts standing to the credit of the Capex Reserve Account for

application towards maintenance, renovations, expansions and expenses in respect of the Portfolio as set out in the then current Business Plan.

Having been notified by the Facility Agent that an Event of Default is continuing, the Security Agent is authorised to take over the operation of each Capex Reserve Account and to suspend the rights of the Borrower of such account.

On the Interest Payment Date falling on or after the date which is 24 Months after the Utilisation Date, the Borrower must transfer any funds then standing to the credit of the Capex Reserve Account which represent the Capex Reserve Amount to the Prepayment Account to be applied in prepayment of the Loan.

Collateral Account

The Security Agent has sole signing rights in relation to the Collateral Account. Subject to certain exceptions and provided no Event of Default is continuing, the Borrower may instruct the Security Agent to transfer any amount standing to the credit of the Collateral Account to the General Account.

If the Borrower would, but for the exercise of certain cure rights, fail to comply with one or more of the Historical Interest Cover, Projected Interest Cover, Debt Yield, Projected Debt Yield or Loan to Value covenants on two consecutive Test Dates, the Security Agent may instruct the Account Bank to withdraw the amounts then standing to the credit of the Collateral Account and apply such amounts in prepayment of the Loan.

General Account

Each Obligor has signing rights to its General Account. Subject to certain conditions, amounts may be withdrawn from a General Account and applied in or towards any purpose in compliance with the Finance Documents.

Capital Account

Each Obligor has signing rights in relation to its Capital Account. Subject to the Subordination Deed and certain other restrictions, the relevant Obligor may withdraw any amount from its Capital Account for any purpose consistent with the relevant Trust Instrument.

Tenant Deposit Account

Any amount received as a tenant deposit under a Lease Document will be paid into a designated tenant deposit account in accordance with the terms of the relevant Lease Document.

For the purposes of this section of the Offering Circular entitled “The Loan and Related Security”, only the following definitions apply:

“**Accession Date**” means, in respect of an Additional Guarantor, the date on which that Additional Guarantor accedes to the Senior Facility Agreement.

“**Accession Letter**” means a document substantially in the form set out in Schedule 13 of the Senior Facility Agreement (*Form of Accession Letter*).

“**Account**” means:

- (a) the Capex Reserve Account;
- (b) the Collateral Account;
- (c) the Debt Service Account;
- (d) the Cash Trap Account;
- (e) each Capital Account;

- (f) each General Account;
- (g) the Prepayment Account;
- (h) each Operating Account;
- (i) each Rent Collections Account; and/or
- (j) each Rent Reserve Account,

(as the context so requires).

“Account Bank” means a bank or financial institution at which an Account is maintained in accordance with the account bank provisions set out in the Senior Facility Agreement.

“Acquisition” means the acquisition by the Borrower of the entire issued share capital of the Target pursuant to the terms of the Acquisition Agreement.

“Acquisition Document” means:

- (a) the Acquisition Agreement;
- (b) each W&I Policy;
- (c) the Disclosure Letter;
- (d) the Supplemental Disclosure Letter; and
- (e) any other document designated as an Acquisition Document by the Agent (acting on the instructions of the Majority Lenders) and the Borrower.

“Additional Guarantor” means each of the following companies which is to become an Additional Guarantor in accordance with the provisions relating to Changes to the Obligors set out in the Senior Facility Agreement on the Utilisation Date:

- (a) Nido Notting Hill Limited;
- (b) Nido King’s Cross Limited;
- (c) KX Residential Limited;
- (d) MX Residential Limited;
- (e) Nido Spitalfields Limited;
- (f) Nido London Properties S.à r.l;
- (g) Nido Notting Hill S.à r.l;
- (h) King’s Cross S.à r.l;
- (i) Middlesex JV S.à r.l;
- (j) King’s Cross Residential S.à r.l;
- (k) King’s Cross Student Housing S.à r.l;
- (l) King’s Cross Retail S.à r.l;
- (m) Middlesex S.à r.l;
- (n) Middlesex Student Housing S.à r.l;
- (o) Middlesex Retail S.à r.l; and
- (p) Middlesex Residential S.à r.l.

“Additional Insurance Policy” means:

- (a) the Title Indemnity Policy;
- (b) each Latent Defects Policy;
- (c) the Missing Documents Policy;
- (d) each Rights of Light Policy; and
- (e) each W&I Policy.

“Additional Security Document” means:

- (a) an accession deed in respect of the Initial English Security Agreement entered into by each Additional Guarantor over all assets, including, *inter alia*:
 - (i) a mortgage over any Properties owned or leased by it;
 - (ii) an assignment by way of security of the proceeds of any Insurances and each Additional Insurance Policy;
 - (iii) a charge over the Accounts located in England;
 - (iv) an assignment by way of security of any Construction Contracts and Collateral Warranties which are freely assignable, including any supplemental guarantees (including but not limited to the guarantee provided in respect of the NH Property); and
 - (v) a charge over the proceeds of any Construction Contracts, Collateral Warranties and any Consent Agreements; and
- (b) an English law governed supplemental security agreement in respect of the Initial English Security Agreement entered into by each Original Obligor and each Additional Guarantor granting, *inter alia*:
 - (i) a mortgage over any Properties owned or leased by it;
 - (ii) an assignment by way of security of any Construction Contracts which are freely assignable;
 - (iii) a charge over the proceeds of any Construction Contracts, Collateral Warranties and any Consent Agreements; and
 - (iv) a charge over the shares held by it in each Additional Guarantor incorporated in England and Wales;
- (c) each Luxembourg Security Interest Agreement.

“Affiliate” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“Agency Fee Letter” means the fee letter dated on or about the date of the Senior Facility Agreement between the Agent and the Borrower, pursuant to which the Borrower agrees to pay an agency fee to the Agent.

“Agreement for Lease” means an agreement to grant an Occupational Lease for all or part of a Property.

“Anti-Corruption Laws” means:

- (a) the US Foreign Corrupt Practices Act of 1977;
- (b) the UK Bribery Act 2010; and
- (c) any similar applicable laws or regulations in any jurisdiction in which any Obligor is located or doing business that relate to bribery or corruption.

“Anti-Money Laundering Laws” means applicable laws or regulations in any jurisdiction in which any Obligor is located or doing business that relate to money laundering or financial record keeping and reporting requirements arising out of criminal activity.

“Arrangement Fee Letter” means the fee letter dated on or about the date of the Senior Facility Agreement between the Arranger and the Borrower, pursuant to which the Borrower agrees to pay an arrangement fee to the Arranger.”

“Authorisation” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“Break Costs” means the amount (if any) by which:

- (a) the interest (which, if such Break Costs are payable prior to any Securitisation, shall exclude any Margin or, if such Break Costs are payable following any Securitisation, shall include any Margin which accrues on the part of the Loan which is securitised) which a Lender should have received for the period from the date of receipt of all or any part of its participation in the Loan or Unpaid Sum to the last day of the current Interest Period in respect of the Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“Business” means the business of running the Student Accommodation, vacation lettings, the residential assets retail, offices, leisure and ancillary matters (including serviced apartments, events, conferences and educational training, car parks or similar purposes).

“Business Day” means a day (other than a Saturday or Sunday) on which banks are open for general business in London and Jersey.

“Business Plan” means the Initial Business Plan or any other business plan submitted to the Agent by the Borrower pursuant to the provisions relating to the business plan set out in the Senior Facility Agreement.

“Capex Reserve Amount” means £15,000,000, such amount to be deducted from the Loan and deposited in the Capex Reserve Account, or in the event that the Capex Reserve Account is not opened by the Utilisation Date, a Rent Reserve Account on the Utilisation Date.

“Capex Reserve Account” means the account designated as such in the provisions relating to designation of Accounts under the Senior Facility Agreement and includes any replacement of that account.

“Capital Account” means the account designated as such in the provisions relating to designation of Accounts under the Senior Facility Agreement and includes any replacement of that account.

“Cash Trap Account” means the account designated as such in the provisions relating to designation of Accounts under the Senior Facility Agreement and includes any replacement of that Account.

“Cash Trap Amount” means any amount transferred into the Cash Trap Account pursuant to the provisions relating to the Debt Service Account set out in the Senior Facility Agreement.

“Cash Trap Event” means:

- (a) Projected Interest Cover, on any Test Date, is lower than or equal to 190 per cent.; or
- (b) Historical Interest Cover, on any Test Date, is lower than or equal to 190 per cent.; or
- (c) Loan to Value, on any Test Date, is higher than or equal to 75%; or
- (d) TTM Debt Yield, on any Test Date, is lower than or equal to:
 - (i) for the period from the date falling 12 Months after the Utilisation Date to and including the Initial Maturity Date, 7.00%;
 - (ii) for the period from the Initial Maturity Date to and including the First Extended Maturity Date, 7.25%;

- (iii) for the period from the First Extended Maturity Date to and including the Final Extended Maturity Date, 7.50%; or
- (e) Projected Debt Yield, on any Test Date, is lower than or equal to:
 - (i) for the period from the date falling 12 Months after the Utilisation Date to and including the Initial Maturity Date, 7.00%;
 - (ii) for the period from the Initial Maturity Date to and including the First Extended Maturity Date, 7.25%; or
 - (iii) for the period from the First Extended Maturity Date to and including the Final Extended Maturity Date, 7.50%.

“Collateral Account” means the account designated as such in the provisions relating to designation of Accounts under the Senior Facility Agreement and includes any replacement of that account.

“Collateral Warranties” means each:

- (a) KX Collateral Warranty;
- (b) NH Collateral Warranty; and
- (c) SF Collateral Warranty.

“Compensation Prepayment Proceeds” means the proceeds of all compensation and damages for the compulsory purchase of, or any blight or disturbance affecting, any Property and to the extent not required to be applied in remedial action under a Lease Document.

“Completion Date” has the same meaning as under the Acquisition Agreement.

“Compliance Certificate” means a certificate substantially in the form set out in the schedule to the Senior Facility Agreement *“Form of Compliance Certificate”*.

“Consent Agreements” means:

- (a) the Consent Collateral Warranties; and
- (b) the Consent Construction Contracts.

“Consent Collateral Warranty” means a collateral warranty in respect of which a consent of the relevant contractor or consultant is required to assign that collateral warranty or the benefits of which may be assigned only a limited number of times (as set out in a schedule to the Senior Facility Agreement).

“Consent Construction Contracts” means a construction contract for which a consent of the relevant contractor or consultant is required to assign that construction contract (as applicable) or the benefits of which may be assigned only a limited number of times (as set out in a schedule to the Senior Facility Agreement).

“Construction Contracts” means each of the:

- (a) KX Construction Contracts;
- (b) NH Construction Contracts; and
- (c) SF Construction Contracts.

“Construction Management Agreement” means each of the following agreements which, amongst other things, effect the appointment of the Construction Manager:

- (a) the construction management agreement dated on or about the date of the Senior Facility Agreement entered into by NH Unit Trust and the Construction Manager, as amended, restated or supplemented from time to time in accordance with the terms of the Senior Facility Agreement;

- (b) the construction management agreement dated on or about the date of the Senior Facility Agreement entered into by SF Unit Trust and the Construction Manager, as amended, restated or supplemented from time to time in accordance with the terms of the Senior Facility Agreement; and
- (c) the construction management agreement dated on or about the date of the Senior Facility Agreement entered into by KX Unit Trust and the Construction Manager, as amended, restated or supplemented from time to time in accordance with the terms of the Senior Facility Agreement.

“Construction Manager” means:

- (a) Greystar Europe Holdings Limited; or
- (b) any other Construction Manager agent appointed by an Obligor in respect of a Property in accordance with the Senior Facility Agreement.

“Construction Recovery Proceeds” means the recovery proceeds received from any consultant, contractor or subcontractor pursuant to a Construction Contract, net of Recovery Costs and excluding any amount which is expressly required under the terms of the relevant Construction Contract to be applied in replacing, restoring or reinstating the relevant Property.

“Construction Retention Amount” means an amount up to £36,900 required to be maintained by SF Unit Trust as a retention amount in respect of refurbishment works carried out at the SF Property by ITC Concepts Limited.

“Current Operating Expenses” means Operating Expenses incurred or to be incurred by an Obligor in the relevant Interest Period as detailed in the most recent Business Plan or, where the most recent Business Plan has not been approved in an amount not exceeding the amount set out in the previously agreed Business Plan for such period or, if such period was not included in the previously agreed Business Plan for such period, actual costs incurred for such period in the previous Academic Year (as adjusted to account for RPI adjustments) in respect of any Interest Period.

“Current Structure Costs” means Structure Costs incurred or to be incurred by an Obligor in the relevant Interest Period as detailed in the most recent Business Plan or, where the most recent Business Plan has not been approved in an amount not exceeding the amount set out in the previously agreed Business Plan for such period or, if such period was not included in the previously agreed Business Plan for such period, actual costs incurred for such period in the previous Academic Year (as adjusted to account for RPI adjustments) in respect of any Interest Period.

“Day One Debt Yield” means 7.5 per cent..

“Debt Purchase Transaction” means, in relation to a person, a transaction where such person:

- (a) purchases by way of assignment or transfer;
- (b) enters into any sub-participation in respect of; or
- (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of,

any Commitment or amount outstanding under the Senior Facility Agreement provided that any transaction where an Affiliate of a Sponsor purchases, or enters into any agreement or arrangement to purchase, any note, bond or tradeable instrument (howsoever defined) issued in connection with a Securitisation shall not constitute a Debt Purchase Transaction.

“Debt Service Account” means the account designated as such in the provisions relating to designation of Accounts under the Senior Facility Agreement and includes any replacement of that account.

“Debt Yield Default Level “ means, TTM Debt Yield, on any Test Date, is:

- (a) for the period from and including the Utilisation Date to and including the Initial Maturity Date, 6.50%;
- (b) for the period from the Initial Maturity Date to and including the First Extended Maturity Date, 6.75%;

- (c) for the period from the First Extended Maturity Date to and including the Final Extended Maturity Date, 7.00%.

“Debt Yield Excess Cash Trigger Level” means, TTM Debt Yield, on any Test Date, is:

- (a) for the period from and including the Utilisation Date to and including the Initial Maturity Date, 7.50%;
- (b) for the period from the Initial Maturity Date to and including the First Extended Maturity Date, 7.75%;
- (c) for the period from the First Extended Maturity Date to and including the Final Extended Maturity Date, 8.00%.

“Default” means an Event of Default or any event or circumstance specified in the provisions relating to Events of Default set out in the Senior Facility Agreement which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

“Delegate” means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

“Disclosure Letter” has the meaning given to that term in the Acquisition Agreement.

“Disposal Proceeds” means the net disposal proceeds derived from the disposal of a Property or the shares or units (as applicable) in an Obligor in accordance with the disposals provisions of the Senior Facility Agreement (including any amount funded by the Obligors to make up a shortfall in accordance with such provisions).

“Disruption Event” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“Duty of Care Agreement” means each separate duty of care agreement entered into between the Security Agent, the relevant Obligor and:

- (a) each Construction Manager; and
- (b) each Property Manager,

in each case in the form agreed between the Agent and the Borrower.

“Emergency Expenditure” means any Operating Expenses which are required by law to be incurred by an Obligor on account of health and safety, Tax or pursuant to any Environmental Law and which are not, and could not reasonably have been, included in the Business Plan.

“Environment” means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and

- (c) land (including, without limitation, land under water).

“Environmental Claim” means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

“Environmental Law” means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

“Environmental Permits” means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any Obligor conducted on or from the properties owned or used by any Obligor.

“Environmental Report” means an environmental report in relation to each Property prepared by ProGEA UG on or before the date of the Senior Facility Agreement and addressed to and/or capable of being relied on by the Finance Parties and delivered as a condition precedent document pursuant to the initial conditions precedent set out in the Senior Facility Agreement.

“Event of Default” means any event or circumstance specified as such in the provisions relating to Events of Default in the Senior Facility Agreement

“Excess Cash” means the surplus remaining in the Debt Service Account after the application of amounts towards certain expenses, costs, fees, VAT and accrued interest.

“Existing AFL” means:

- (a) a pre-letting agreement in relation to a 999 year lease of student accommodation at Nido, King’s Cross, London made between (1) Blackstone Real Estate Acquisitions IV LLC and (2) King’s Cross Student Housing S.à r.l., dated 18 November 2005;
- (b) a pre-letting agreement in relation to a 999 year lease of retail premises at Nido, King’s Cross, London, made between (1) Blackstone Real Estate Acquisitions IV LLC and (2) King’s Cross Retail S.à r.l., dated 18 November 2005;
- (c) a pre-letting agreement in relation to a 999 year lease of residential premises, at Nido, King’s Cross, London, made between (1) Blackstone Real Estate Acquisitions IV LLC and (2) King’s Cross Residential S.à r.l., dated 18 November 2005; and
- (d) a pre-letting agreement in relation to a 998 years and 362 days lease of parts of the Basement, Ground Floor, Mezzanine and First Floor, Nido, King’s Cross, London, made between (1) King’s Cross S.à r.l., (2) King’s Cross Residential S.à r.l. and (3) Student Housing Group Limited, dated 22 December 2006.

“Existing Bank Accounts” means each of the bank accounts listed in the Senior Facility Agreement relating to existing bank accounts.

“Existing Third Party Indebtedness” means:

- (a) £226,000,000 senior facility agreement dated 1 May 2012 entered into between, amongst others, The Prudential Assurance Company Limited, Prudential Retirement Income Limited, M&G Real Estate Finance 1 Co. S.à r.l. and the Target, as amended and restated from time to time; and
- (b) £77,840,000 mezzanine facility agreement dated 1 May 2012 entered into between, amongst others, Nido Mezzanine Investment L.P. and the Target, as amended and restated from time to time.

“Extension Period” means the First Extended Term or the Final Extended Term (as the context may require).

“Facility” means the term loan facility made available under the Senior Facility Agreement as described therein.

“Facility Office” means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five (5) Business Days’ written notice) as the office or offices through which it will perform its obligations under the Senior Facility Agreement.

“FATCA” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“FATCA Application Date” means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;
- (b) in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2017; or
- (c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2017,

or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of the Senior Facility Agreement.

“FATCA Deduction” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“FATCA Exempt Party” means a Party that is entitled to receive payments free from any FATCA Deduction.

“Fee Letter” means any letter or letters dated on or about the date of the Senior Facility Agreement between any of the Arranger, the Agent or the Security Agent and the Borrower setting out any of the fees referred to in the fee provisions of the Senior Facility Agreement, including, without limitation, the Arrangement Fee Letter, the Agency Fee Letter and the Security Agent Fee Letter.

“Finance Document” means the Senior Facility Agreement, any Security Document, any Subordination Deed, any Duty of Care Agreement, any Fee Letter, any Margin Letter, any Resignation Letter, any Accession Letter, any Accession Deed (as defined in the Subordination Deed), any Report Recoveries Side Letter or any other document designated as such by the Agent (acting on the instructions of the Majority Lenders) and the Borrower.

“Finance Party” means the Agent, the Security Agent, the Arranger or a Lender.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

“GAAP” means generally accepted accounting principles in the UK.

“General Account” means each account designated as such under the provisions relating to the designation of accounts under the Senior Facility Agreement and includes any replacement of that account.

“Group” means the Borrower and its Subsidiaries for the time being.

“Group Booking” means any agreement entered into by an Obligor in respect of a Property for the group booking of rooms contained in the Student Accommodation or residential parts of that Property.

“Guarantor” means each of the Borrower, each Original Guarantor and each Additional Guarantor.

“Headlease” means a lease under which an Obligor holds title to any part of a Property.

“Hedge Counterparty” means any bank or financial institution with a Requisite Rating and with which the Borrower enters into a Hedging Agreement in respect of the Loan.

“Hedging Agreement” means any master agreement, confirmation, transaction, schedule or other agreement in agreed form entered into or to be entered into by the Borrower for the purpose of hedging interest payable under the Senior Facility Agreement.

“Hedging Prepayment Proceeds” means any amount payable to the Borrower as a result of termination or closing out under a Hedging Agreement.

“Historical Interest Cover” means, as at any Test Date, the ratio (expressed as a percentage) of Net Operating Income (to be calculated on an accounting (rather than a cashflow) basis) to Actual Finance Costs for the relevant calculation period. For the purposes of this definition:

- (a) **“calculation period”** means for the purposes of each Interest Payment Date, the 12 month period ending on that Test Date or, if less, the period from the Utilisation Date to the date as at which the relevant calculation is made; and
- (b) the Borrower shall, at the request of the Agent, calculate Historical Interest Cover but if the Borrower does not provide a calculation when requested by the Agent or if the Majority Lenders have reasonable grounds for disagreeing with the calculation provided by the Borrower then the Majority Lenders (acting reasonably) may calculate Historical Interest Cover and that calculation by the Majority Lenders shall prevail over any calculation by the Borrower.

“Holding Company” means, in relation to a person, any other person in respect of which it is a Subsidiary.

“ICR Excess Cash Trigger Level” means Historical Interest Cover or Projected Interest Cover, on any Test Date, is 220 per cent..

“Impaired Agent” means the Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment provided that such payments have been received by the Agent in accordance with the Finance Documents or, where such payment is not received by the Agent but held by a third party to the order of the Agent, only to the extent that the Agent has control over such sums and failed to issue the relevant payment instructions;
- (b) the Agent otherwise rescinds or repudiates a Finance Document; or

- (c) an Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:

(A) an administrative or technical error; or

(B) a Disruption Event,

and payment is made within one Business Day of its due date; or

- (ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

“Initial Business Plan” means the Business Plan prepared by the Borrower on or before the date of the Senior Facility Agreement in form and substance satisfactory to the Lenders and delivered as a condition precedent document pursuant to the initial conditions precedent provisions set out in the Senior Facility Agreement.

“Initial Maturity Date” means the Interest Payment Date falling three years from the Utilisation Date.

“Initial Transaction Expenses Budget” means the £4,000,000 pre-agreed budget (by category or sub-category) (including any amount designated as a contingency) agreed between the Arranger and the Borrower before the date of the Senior Facility Agreement.

“Initial Valuation” means a Valuation report in relation to each Property prepared by CBRE Limited on or before the date of the Senior Facility Agreement and addressed to ‘Citibank, N.A., London Branch and its Affiliates’ and dated 10 April 2015 and delivered as a condition precedent pursuant to the initial conditions precedent provisions set out in the Senior Facility Agreement.

“Insolvency Event” means:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;
- (g) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a Permitted Restructuring, consolidation, amalgamation or merger);

- (h) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in paragraph (d) above);
- (i) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (j) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i) above; or
- (k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“Insurances” means any contract of insurance required but excludes any Additional Insurance Policy.

“Insurance Prepayment Proceeds” means any proceeds of Insurances required to be paid into the Prepayment Account in accordance with the Senior Facility Agreement.

“Insurer Financial Strength Rating” means the financial security characteristics of an insurance organisation with respect to its ability to meet its obligations under its insurance policies and contracts in accordance with their terms.

“Interest Payment Date” means 20 February, 20 May, 20 August and 20 November in each year and the Maturity Date, with the first Interest Payment Date being 20 August 2015. If, however, any such day is not a Business Day, the Interest Payment Date will instead be the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

“Interest Period” means, in relation to the Loan, each period determined in accordance with the interest periods provisions set out in the Senior Facility Agreement and, in relation to an Unpaid Sum, each period determined in accordance with the default interest provisions set out in the Senior Facility Agreement.

“ISDA Master Agreement” means a 1992 ISDA Master Agreement or a 2002 ISDA Master Agreement.

“ITA” means the Income Tax Act 2007.

“Jersey Security Interest Agreement” means:

- (a) a Jersey law governed security interest agreement entered into by the Minority Unitholder in respect of the units held by it in the Borrower and each Original Guarantor;
- (b) a Jersey law governed security interest agreement entered into by the Shareholder in respect of the units held by it in the Borrower;
- (c) a Jersey law governed security interest agreement entered into by the Borrower in respect of all intangible movable Jersey-situs assets, including, inter alia:
 - (i) any Accounts held by it in Jersey; and
 - (ii) the units held by the Borrower in each Original Guarantor;
- (d) a Jersey law governed security interest agreement entered into by the NH Unit Trust Trustees in respect of all intangible movable Jersey-situs assets, including, inter alia any Accounts held by it in Jersey;
- (e) a Jersey law governed security interest agreement entered into by the KX Unit Trust Trustees in respect of all intangible movable Jersey-situs assets, including, inter alia any Accounts held by it in Jersey; and
- (f) a Jersey law governed security interest agreement entered into by the SF Unit Trust Trustees in respect of all intangible movable Jersey-situs assets, including, inter alia any Accounts held by it in Jersey.

“KX Freehold Interest” means the freehold property known as Nido King’s Cross, 188 to 208 Pentonville Road (even), London, registered under title number NGL174761.

“KX Property” means the property known as Nido King’s Cross, 188 to 208 Pentonville Road (even), London.

“KX Trust Instrument” means the trust instrument dated 7 April 2015 entered into between GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited pursuant to which the KX Unit Trust is constituted, as amended, supplemented and/or restated from time to time.

“KX Unit Trust” means the GS King’s Cross Unit Trust, a Jersey law unit trust constituted pursuant to the KX Trust Instrument and where applicable **“acting by the KX Unit Trust”** shall mean acting by the KX Unit Trust Trustees.

“KX Unit Trust Trustees” means GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of the KX Unit Trust.

“Latent Defects Policy” means each of

- (a) defects insurance policy (policy number 24898429FSD) held by Nido Notting Hill S.à r.l. with Aviva Insurance Limited effective from 9 August 2011 in respect of the NH Property;
- (b) defects insurance policy (policy number 24601027FSD) held by King’s Cross S.à r.l. with Aviva Insurance Limited effective from 2 June 2008 in respect of the KX Property;
- (c) a housing warranty insurance policy (policy number UX20826508506) held by King’s Cross S.à r.l. (and others) with Allianz Global Corporate & Speciality AG dated 12 June 2008 in respect of the KX Property;
- (d) defects insurance policy (policy number 24818753FSD) held by Middlesex S.à r.l. (and others) with Aviva Insurance Limited effective from 16 December 2010 in respect of the SF Property; and
- (e) defects insurance policy (policy number 24752343FSD) held by Middlesex S.à r.l. with Aviva Insurance Limited effective from 7 September 2010 in respect of the SF Property.

“Lease Document” means:

- (a) an Agreement for Lease;
- (b) any Nomination Agreement;
- (c) any Group Booking;
- (d) an Occupational Lease; or
- (e) any other document designated as such by the Agent and the Borrower.

“Lease Prepayment Proceeds” means any premium or other amount paid to an Obligor in respect of any agreement to amend, supplement, extend, waive, surrender or release a Lease Document.

“Legal Reservations” means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under applicable limitations laws (including the Limitation Acts), the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;
- (c) the limitation of the enforcement of the terms of leases of real property by laws of general application to those leases;
- (d) similar principles, rights and remedies under the laws of any Relevant Jurisdiction; and
- (e) any other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinions supplied to the Finance Parties as a condition precedent under the Senior Facility Agreement on or before the Utilisation Date.

“Lender” means:

- (a) the Original Lender; and
 - (b) any other person which has become a Lender in accordance with the Senior Facility Agreement,
- which in each case has not ceased to be a Party in accordance with the terms of the Senior Facility Agreement.

“LIBOR” means, in relation to the Loan:

- (a) the applicable Screen Rate as of the Specified Time for sterling and for a period equal in length to the Interest Period of the Loan; or
- (b) as otherwise determined pursuant to the Senior Facility Agreement (as set out herein),

and if, in either case that rate is less than zero, LIBOR shall be deemed to be zero.

“Loan” means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan.

“Loan Maturity Date” means the Initial Maturity Date or, subject to the provisions of the Senior Facility Agreement, the First Extended Maturity Date, or the Final Extended Maturity Date.

“Loan to Value” means, at any time, the Loan (less so much of the amount standing to the credit of (i) a Prepayment Account, (ii) the Collateral Account and (iii) the Cash Trap Account, as is required to be applied in prepayment of the Loan or in respect of which the Borrower has (and is so permitted to) irrevocably instructed the Security Agent to apply in prepayment of the Loan) as a percentage of the aggregate market value of the Portfolio (determined in accordance with the most recent Valuation of the Portfolio at that time).

“Majority Lenders” means a Lender or Lenders whose Commitments aggregate more than 66⅔% of the Total Commitments or, if the Total Commitments have been reduced to zero, aggregated more than 66⅔% of the Total Commitments immediately prior to the reduction.

“Margin” means the margin set out in the Margin Letter.

“Margin Letter” means the margin letter dated on or about the date of the Senior Facility Agreement between the Borrower and the Arranger.

“Master Trustee” means GREP London Portfolio II Master Trustee Limited, acting in its capacity as trustee of the Shareholder.

“Material Adverse Effect” means a material adverse effect on:

- (a) the business, property or financial condition of the Obligors (taken as a whole); or
- (b) the ability of the Obligors (taken as a whole) to perform their payment obligations under the Finance Documents or comply with the financial covenants contained in the provisions relating to financial covenants in the Senior Facility Agreement; or
- (c) subject to the Legal Reservations, the validity or enforceability of, or the effectiveness or ranking of any Security granted or purported to be granted pursuant to any of, the Finance Documents; or
- (d) the rights or remedies of any Finance Party under any of the Finance Documents.

“Material Document” means each Transaction Document excluding:

- (a) a Lease Document which does not constitute a Material Lease Document;
- (b) a Trust Instrument; and
- (c) the constitutional documents of an Obligor.

“Material Lease Document” means:

- (a) any Headlease; and

- (b) any Lease Document in respect of which the passing net rental income payable by the tenant to an Obligor is in excess of £200,000 per annum.

“Minority Unitholder” means GS Nido Minority Holder, LLC.

“Month” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

“NH Property” means the freehold property known as Nido Notting Hill, 1 Alderson Street, London W10 5JY, registered under title number BG74474 together with such interest in the adjoining area as is identified in the relevant Property Report which is owned by an Obligor.

“NH Unit Trust” means the GS Notting Hill Unit Trust, a Jersey law unit trust constituted pursuant to the NH Trust Instrument and where applicable **“acting by the NH Unit Trust”** shall mean acting by the NH Unit Trust Trustees.

“NH Unit Trust Trustees” means GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of the NH Unit Trust.

“Non-Current Operating Income” means Operating Income received by or on behalf of the Obligors but which is attributable to a period commencing after the then current Interest Period.

“Obligor” means a Guarantor or the Borrower.

“Occupational Lease” means any lease or licence or other right of occupation or use in respect of which an Obligor is the immediate lessor, or right for an Obligor to receive rent or income to which a Property may at any time be subject and includes any guarantee of a tenant’s obligations under the same.

“Operating Account” means each account maintained and designated as such by an Obligor in relation to the Properties.

“Operating Expenses” means for any period all non-recoverable costs and expenses duly and properly incurred by the Obligors in connection with owning, operating and managing the Properties and running the Business (excluding (a) fees payable to the Sponsors, (b) any fees payable under the Property Management Agreement and the Construction Management Agreement, (c) any Initial Transaction Expenses and (d) any Structure Costs), including but not limited to: (i) management and advisory fees, (ii) service fees, (iii) audit fees, (iv) utilities, (v) site salaries, (vi) site resources, (vii) security, (viii) cleaning and environmental, (ix) any other professional fees, costs and expenses, (x) maintenance and repair (but excluding amounts which are referenced as capital expenditure in any capital expenditure line items or replacement reserve line items in the then current Business Plan), (xi) insurance premia, (xii) irrecoverable VAT, (xiii) costs of insurance valuations, (xiv) any property taxes and (xv) payments under any Headleases, including in each case, any VAT thereon.

“Operating Income” means for any period the aggregate of all amounts paid or payable to or for the account of, and all revenue and income received by, any Obligor in connection with its ownership of the Properties, including without limitation, in connection with the letting, licence or grant of other rights of use or occupation of any part of a Property (including, without limitation, income from student accommodation, residential lettings, commercial lettings and car parks).

“Original Financial Statements” means, in relation to:

- (a) the Borrower and each Original Guarantor, its pro forma balance sheet for the period since its formation; and

- (b) each Additional Guarantor, the audited financial statements for the financial year ending 31 December 2013.

“Original Obligors” means the Borrower and each Original Guarantor.

“Party” means a party to the Senior Facility Agreement.

“Permitted Liquidations” means the liquidation of each Restricted Company as contemplated under items (h) to (k) of the definition of Permitted Restructuring and the Tax Structure Paper to be implemented pursuant to a deed of simplified liquidation passed in front of a Luxembourg notary on the Completion Date whereby the shareholder of the relevant Luxembourg Obligor will agree to take over all assets and liabilities of the relevant Luxembourg Obligor.

“Permitted Payment” means a payment or distribution (howsoever described and including for the avoidance of doubt, any payment made in connection with the redemption of shares or units held in an Obligor) made by an Obligor to a Subordinated Creditor or to its immediate holding company or owner in each case, out of moneys standing to the credit of a General Account or a Capital Account in circumstances where no Default is continuing which has been notified to such Obligor by the Agent and no Default would occur as a result of the making of such payment.

“Permitted Restructuring” means:

- (a) the issue of further shares by the Target to the Borrower or the contribution of funds by the Borrower to reserves of the Target, the proceeds of which are applied by the Target to repay Existing Third Party Indebtedness and/or Existing Intra-Group Loans on the Completion Date;
- (b) the issue of further shares by each of the following companies to the Target or the contribution of funds by the Target to reserves of each of the following companies, on the Completion Date in consideration of an amount equal to the Existing Third Party Indebtedness and/or Existing Intra-Group Loans owed by them and/or their directly held Subsidiaries:
 - (i) Nido Notting Hill S.à r.l.;
 - (ii) King’s Cross S.à r.l.; and
 - (iii) Middlesex JV S.à r.l.;
- (c) the issue of further shares by each of the following companies to King’s Cross S.à r.l. or the contribution of funds by King’s Cross S.à r.l. to reserves of each of the following companies, on the Completion Date in consideration of an amount equal to the Existing Third Party Indebtedness and/or Existing Intra-Group Loans owed by them:
 - (i) King’s Cross Residential S.à r.l.;
 - (ii) King’s Cross Student Housing S.à r.l.; and
 - (iii) King’s Cross Retail S.à r.l.;
- (d) the issue of further shares by each of the following companies to Middlesex JV S.à r.l. or the contribution of funds by Middlesex JV S.à r.l. to reserves of each of the following companies on the Completion Date in consideration of an amount equal to the Existing Third Party Indebtedness and/or Existing Intra-Group Loans owed by them:
 - (i) Middlesex Residential S.à r.l.;
 - (ii) Middlesex Student Housing S.à r.l.; and
 - (iii) Middlesex Retail S.à r.l.;
- (e) the restructuring of existing intra-group debt owed by the Subsidiaries of the Target on the Completion Date through, amongst other things, the contribution and/or novation of existing receivables in consideration of an increase of the relevant reserve account;
- (f) the acquisition on the Completion Date of the entire issued share capital of:

- (i) Nido Notting Hill S.à r.l. by the NH Unit Trust from the Target;
 - (ii) King's Cross Residential S.à r.l., King Cross Student Housing S.à r.l., King Cross Retail S.à r.l., Nido King Cross Limited and King's Cross Residential Limited S.à r.l. by the KX Unit Trust from King Cross S.à r.l.; and
 - (iii) Middlesex Residential S.à r.l., Middlesex Retail S.à r.l., Middlesex Student Housing S.à r.l., Middlesex Residential Limited and Nido Spitalfields Limited by the SF Unit Trust from Middlesex JV S.à r.l.;
- (g) the sale of the KX Freehold and the SF Freehold held by King's Cross S.à r.l. and Middlesex S.à r.l., respectively, to the Borrower on the Completion Date;
- (h) the simplified liquidation of each of the following companies pursuant to which the relevant Unit Trust on the Completion Date will take over all assets and liabilities (including, without limitation, any freehold and leasehold property interests) of:
- (i) Nido Notting Hill S.à r.l.;
 - (ii) King's Cross Residential S.à r.l.;
 - (iii) King's Cross Student Housing S.à r.l.;
 - (iv) King's Cross Retail S.à r.l.;
 - (v) Middlesex Residential S.à r.l.;
 - (vi) Middlesex Student Housing S.à r.l.; and
 - (vii) Middlesex Retail S.à r.l.;
- (i) the simplified liquidation of Middlesex S.à r.l. pursuant to which Middlesex JV S.à r.l. will take over all assets and liabilities of Middlesex S.à r.l. (including, without limitation, any freehold and leasehold property interests);
- (j) the simplified liquidation of each of the following companies pursuant to which the Target on the Completion Date will take over all assets and liabilities (including, without limitation, any freehold and leasehold property interests) of:
- (i) Middlesex JV S.à r.l.;
 - (ii) King's Cross S.à r.l..
- (k) the simplified liquidation of the Target pursuant to which the Borrower will take over all assets and liabilities (including, without limitation, any freehold and leasehold property interests) of the Target on the Completion Date; and
- (l) the sale of the KX Freehold and the SF Freehold by the Borrower to the KX Unit Trust and SF Unit Trust respectively by no later than the second Interest Payment Date falling after the Utilisation Date,

as detailed and to be implemented in the order set out in the Tax Structure Paper.

“Portfolio” means the portfolio of properties owned by the Obligors from time to time being, as at the date of the Senior Facility Agreement, a UK portfolio consisting of the student accommodation, residential, commercial or other assets as listed in the schedule of the Senior Facility Agreement entitled *“Portfolio Properties”*.

“Prepayment Account” means the account designated as such under the provisions relating to the designation of accounts under the Senior Facility Agreement and includes any replacement of that account.

“Projected Debt Yield” means, as at any Test Date, the ratio of Projected Net Operating Income as a percentage of the outstanding balance under the Loan on that Test Date.

“Projected Interest Cover” means, as at any Test Date, the ratio (expressed as a percentage) of Projected Net Operating Income to Projected Finance Costs for the relevant calculation period. For the purposes of this definition:

- (a) ***“calculation period”*** means a period of 12 months looking forward from the relevant Test Date; and
- (b) the Borrower shall, at the request of the Agent, calculate Projected Interest Cover but if the Borrower does not provide a calculation when requested by the Agent or if the Majority Lenders have reasonable grounds for disagreeing with the calculation provided by the Borrower, then the Majority Lenders (acting reasonably) may calculate Projected Interest Cover and that calculation by the Majority Lenders shall prevail over any calculation of the Borrower.

“Projected Net Operating Income” means the amount of Net Operating Income projected in the then current Business Plan or, if the Business Plan has not been approved, in an amount not exceeding the amount set out in the previously agreed Business Plan for such period or, if such period was not included in the previously agreed Business Plan, for such period in the previous Academic Year (as adjusted to account for RPI adjustments), to be generated in the relevant calculation period.

“Property” means any property owned by an Obligor from time to time being, as at the date of the Senior Facility Agreement, each property listed in the section entitled “Portfolio Properties” and, where the context so requires, includes the buildings on that Property (and ***“Properties”*** means all or any two or more of the properties together, as the context may so require).

“Property Management Agreement” means each of the following documents which, amongst other things, effect the appointment of the Property Managers for each Property:

- (a) the property management agreement dated on or around the date of the Senior Facility Agreement entered into by Nido Notting Hill Limited, NH Unit Trust Trustees and the Property Manager, as amended, restated or supplemented from time to time in accordance with the terms of the Senior Facility Agreement;
- (b) the property management agreement dated on or around the date of the Senior Facility Agreement entered into by Nido Spitalfields Limited, MX Residential Limited, SF Unit Trust Trustees and the Property Manager, as amended, restated or supplemented from time to time in accordance with the terms of the Senior Facility Agreement; and
- (c) the property management agreement dated on or around the date of the Senior Facility Agreement entered into by Nido King’s Cross Limited, KX Residential Limited, KX Unit Trust Trustees and the Property Manager, as amended, restated or supplemented from time to time in accordance with the terms of the Senior Facility Agreement.

“Property Manager” means:

- (a) Greystar Europe Holdings Limited; or
- (b) any other property manager appointed by an Obligor in respect of a Property in accordance with the Senior Facility Agreement.

“Property Report” means, in respect of any Property, any certificate of title prepared by Jones Day addressed to and capable of being relied upon by the Finance Parties and delivered to the Agent as a condition precedent under the Senior Facility Agreement on or before the Utilisation Date.

“PSP Undertaking” means the real estate undertaking to be granted by an Obligor in favour of Public Sector Pension Investment Board in respect of the Public Sector Pension Investment Board Act.

“Purchase Price” means the total purchase price payable by the Borrower for the Portfolio pursuant to the Acquisition Agreement.

“Qualified Manager” means a property manager of a Property being a reputable management company which either:

- (a) is an Affiliate of Greystar Europe Holdings Limited; or
- (b) is:
 - (i) prior to its engagement as Property Manager, has at least five (5) years of experience of managing properties in England and Wales comparable to and with similar uses to the Properties;

- (ii) at the time of its engagement as Property Manager, has at least 1,000,000 leasable square footage under management in England and Wales comparable to and with similar uses to the Properties;
- (iii) not and has not been the subject of a bankruptcy or similar insolvency proceeding; and
- (iv) to the best of the Borrower's knowledge and belief, having made due diligent and careful enquiry, in compliance in all material respects with all requisite laws and regulations.

“Qualifying Lender” has the meaning given to it in the provisions relating to *Tax Gross Up and indemnities* under the Senior Facility Agreement.

“Quarterly Management Report” means a report prepared by the Borrower in the form set out in the Schedule to the Senior Facility Agreement or in such other form as the Borrower and the Agent (acting on the instructions of the Majority Lenders) may agree from time to time.

“Receiver” means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

“Recovery Prepayment Proceeds” means the proceeds of a claim (a ***“Recovery Claim”***) against:

- (a) the Vendor or any of its Affiliates (or any employee, officer or adviser); or
- (b) the provider of any Additional Insurance Policy, any Property Report or the provider of any other due diligence report (in its capacity as provider of the same) in connection with the acquisition, development, financing or refinancing of the shares in the Target or any Property,

except for Excluded Recovery Proceeds, and after deducting:

- (i) any reasonable expenses incurred by an Obligor to a person who is not an Obligor or Affiliate of an Obligor; and
- (ii) any Tax incurred and required to be paid by an Obligor (as reasonably determined by that Obligor on the basis of existing rates and taking into account any available credit, deduction or allowance),

in each case in relation to that Recovery Claim.

“Reference Bank Quotation” means any quotation supplied to the Agent by a Reference Bank.

“Release Amount” means in respect of a Property, the greater of:

- (i) 115% of the relevant Allocated Loan Amount;
- (ii) 65% of the net sale proceeds achieved for such Property; and
- (iii) the amount required to ensure that TTM Debt Yield, following application of that amount in prepayment of the Loan, would be at least equal to the greater of:
 - (A) the Day One Debt Yield; and
 - (B) TTM Debt Yield on the Interest Payment Date immediately preceding the disposal of that Property.

“Relevant Jurisdiction” means, in relation to an Obligor:

- (a) its jurisdiction of incorporation;
- (b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) the jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it.

“Rent Collections Account” means each account designated as such under the provisions relating to the designation of accounts under the Senior Facility Agreement and includes any replacement of that account.

“Rent Reserve Account” means each account designated as such under the provisions relating to the designation of accounts under the Senior Facility Agreement and includes any replacement of that account.

“Repeating Representations” means each of the representations set out in the Senior Facility Agreement in relation to status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence, governing law and enforcement, VAT, Taxes, no default, information, financial statements, *pari passu* ranking, no proceedings pending or threatened, valuation, title to property, information for property reports, environmental laws, bank accounts, no other business, centre of main interests, ranking of security, ownership, unit trust matters, Jersey regulation, ongoing trust matters, sanctions and anti-corruption laws.

“Report” means each of the:

- (a) Initial Valuation;
- (b) Structural Survey Report;
- (c) Environmental Report;
- (d) Tax Structure Paper;
- (e) Tax Due Diligence Report;
- (f) Financial Due Diligence Report;
- (g) Legal Due Diligence Report; and
- (h) each Property Report.

“Report Recoveries Side Letter” means the letter dated on or about the date of the Senior Facility Agreement between the Agent, the Security Agent and the Investor (as defined therein) in relation to Report Recovery Proceeds.

“Report Recovery Proceeds” means the recovery proceeds received from any report provider, net of the recovery costs.

“Representative” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“Requisite Rating” means, the rating of long or short term (as appropriate) unsecured debt instruments in issue by a person (which are neither subordinated nor guaranteed) which meet the following requirements:

- (a) in relation to a bank or financial institution at which an Account is held, any one of the following combination of ratings: minimum long term rating of “A-” and minimum short term rating of “F1” by Fitch, minimum long term rating of “A-” and minimum short term rating of “R-1” by DBRS, minimum long term rating of “A” and minimum short term rating of “A-2” by S&P or minimum long term rating of “A2” and minimum short term rating of “P-1” by Moody’s;
- (b) in relation to any insurance company or underwriter, at least either:
 - (i) two of the following Insurer Financial Strength Ratings:
 - (A) A- (or better) by AM Best;
 - (B) A3 (or better) by Moody’s; and
 - (C) A- (or better) by S&P; or
 - (ii) if only one Insurer Financial Strength Rating is available, A- (or better) by AM Best;
- (c) in relation to a Hedge Counterparty long term instruments with any one of the following ratings: minimum long term rating of “A-” by Fitch, minimum long term rating of “A-” by DBRS, minimum long term rating of “A-” by S&P or minimum long term rating of “A3” by Moody’s.

“Restricted Party” means a person:

- (a) whose name is listed on, or is owned or controlled by a person whose name is listed on, or acting on behalf of a person whose name is listed on, any Sanctions List (but not any person or entity whose name is listed on, or is owned or controlled by a person whose name is listed on, or acting on behalf of a person whose name is listed on a Sectoral Sanctions List only);
- (b) that is incorporated under the laws of, or owned or controlled by, or acting on behalf of, a person incorporated under the laws of, a country or territory that is the target of country-wide or territory-wide Sanctions; or
- (c) that is otherwise the target of any Sanction or operating in any sector that is the target of any comprehensive Sanction attaching to the entire sector.

“Restricted Company” means each of the following:

- (a) the Target;
- (b) Nido Notting Hill S.à r.l.;
- (c) King’s Cross S.à r.l.;
- (d) Middlesex JV S.à r.l.;
- (e) King’s Cross Residential S.à r.l.;
- (f) King’s Cross Student Housing S.à r.l.;
- (g) King’s Cross Retail S.à r.l.;
- (h) Middlesex S.à r.l.;
- (i) Middlesex Student Housing S.à r.l.;
- (j) Middlesex Retail S.à r.l.; and
- (k) Middlesex Residential S.à r.l.

“Sanctions” means the economic, financial or other sanctions laws, regulations or embargoes administered and enforced from time to time by any Sanctions Authority.

“Sanctions Authority” means:

- (a) the United Nations Security Council;
- (b) the European Union; or
- (c) the governmental institutions and agencies of the United States of America, including, without limitation, the Office of Foreign Assets Control of the United States Department of Treasury (**“OFAC”**) or the governmental institutions and agencies of the United Kingdom, including, without limitation, Her Majesty’s Treasury (**“HMT”**).

“Sanctions List” means:

- (a) the “Specially Designated Nationals List” and the “Consolidated Non-SDN List” each administered and enforced by OFAC;
- (b) the “Financial Sanctions: Consolidated List of Targets” administered and enforced by HMT; or
- (c) any other list maintained or public designation made by any Sanctions Authority in respect of the targets or scope of the Sanctions that are administered and enforced by that Sanctions Authority,

in each case as amended, supplemented or substituted from time to time.

“Sectoral Sanctions List” means:

- (a) the “Sectoral Sanctions Identification (SSI) List” administered and enforced by OFAC;
- (b) “Council Regulation (EU) No 833/2014 of 31 July 2014” as administered and enforced by EU member state national sanctions regulators, such as HMT; or
- (c) any other equivalent list published by a Sanctions Authority comprising only sectoral sanctions, which restrict certain transactions and/or classes of transaction, but do not restrict other types of dealings with any persons named on any sectoral sanctions list,

in each case as amended, supplemented or substituted from time to time.

“Second Transfer Date” means the date on which the KX Freehold Interest and the SF Freehold Interest are transferred by the Borrower to the KX Unit Trust and the SF Unit Trust (as applicable).

“Second Transfer Date Longstop Date” means 20 November 2015.

“Second Transfer Date Security Document” means an English law governed supplemental Security Agreement entered into by the KX Unit Trust Trustees and the SF Unit Trust Trustees granting a mortgage over the KX Property and SF Property owned or leased by it.

“Secured Liabilities” means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Transaction Obligor to any Secured Party under each Finance Document.

“Secured Party” means a Finance Party, a Receiver or any Delegate.

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

“Security Agent Fee Letter” means the fee letter dated on or about the date of the Senior Facility Agreement between the Security Agent and the Borrower pursuant to which the Borrower agrees to pay a fee to the Security Agent.

“Security Agreement” means a document creating Security over the assets of an Obligor entered into or to be entered into by that Obligor in favour of the Security Agent in an agreed form.

“Security Asset” means the assets of the Transaction Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

“Security Documents” means:

- (a) each Initial Security Document;
- (b) each Additional Security Document;
- (c) each Second Transfer Date Security Document;
- (d) any other document evidencing or creating Security over any asset to secure any obligation of any Obligor to a Secured Party under the Finance Documents; or
- (e) any other document designated as such by the Security Agent (acting on the instructions of the Secured Parties) and the Borrower.

“SF Freehold Interest” means the freehold property known as Nido Spitalfields, Rodwell House, Bell Lane, London, registered under title number LN77541.

“SF Property” means the property known as Nido Spitalfields, Frying Pan Alley, London.

“SF Trust Instrument” means the trust instrument dated 7 April 2015 entered into between GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, pursuant to which the SF Unit Trust is constituted, as amended, supplemented and/or restated from time to time.

“SF Unit Trust” means the GS Spitalfields Unit Trust, a Jersey law unit trust constituted pursuant to the SF Trust Instrument and where applicable **“acting by the SF Unit Trust”** shall mean acting by the SF Unit Trust Trustees.

“SF Unit Trust Trustees” means GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited, in their capacity as joint trustees of the SF Unit Trust.

“Shareholder” means GS London Portfolio II Holding Unit Trust acting by the Master Trustee.

“Signing Date” means the date of the Senior Facility Agreement.

“SIR” means the security interests register maintained under part 8 of the Security Interests (Jersey) Law 2012.

“Sponsors” means Greystar Real Estate Partners, LLC and PSPIB-RE UK, Inc.

“Structure Costs” means any costs and expenses duly and properly incurred relating to the management, administration and ownership of the corporate holding structure of the Obligors (excluding any amounts payable to a Sponsor), including:

- (a) labour costs in respect of contractors;
- (b) consultancy fees (including, without limitation, in respect of tax and labour consultancy services);
- (c) audit, information technology, valuation, legal, accounting and marketing costs and expenses; and
- (d) any Taxes and disbursements incurred in connection with any such costs and expenses.

“Student Accommodation” means the student accommodation and management suites at each relevant Property.

“Student and Residential Short Term Leases” means, in relation to the Student Accommodation, any licence, assured shorthold tenancy, short assured tenancy, student tenancy for less than two years or vacation letting of residential accommodation or other occupational interest, in each case for less than two years, granted by any Obligor (as landlord) to an individual or vacation lettings operator (as tenant) or in the case of residential accommodation not let to students, assured shorthold tenancies, in each case substantially in the template form of lease or licence previously approved by the Agent (acting on the instructions of the Majority Lenders).

“Subordinated Creditor” means:

- (a) an Obligor; or
- (b) any other person who becomes a Subordinated Creditor in accordance with the Senior Facility Agreement.

“Subordinated Debt”, in relation to a Subordinated Creditor, has the meaning given to it in the Subordination Deed entered into by that Subordinated Creditor.

“Subordination Deed” means a subordination deed entered into or to be entered into by a Subordinated Creditor, an Obligor and the Security Agent in an agreed form.

“Subsidiary” means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and control, for this purpose, means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

“Target” means Nido London Properties S.à r.l., a private limited liability company (*société à responsabilité limitée*), incorporated under the laws of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, a share capital of GBP 15,000 and being registered with the Register of Commerce and Companies in Luxembourg under number B156.175.

“Tax” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“Tax Structure Paper” means a tax structure paper prepared by KPMG LLP on or before the date of the Senior Facility Agreement and addressed to and/or capable of being relied upon by the Finance Parties and delivered as a condition precedent pursuant to the provisions relating to the initial conditions precedent under the Senior Facility Agreement.

“Test Date” means each Interest Payment Date other than the first, second, third and fourth Interest Payment Dates.

“Tenant Deposit Account” means each account maintained and designated as such by an Obligor or a Property Manager in relation to the Properties.

“Title Indemnity Policy” means the insurance policy held by Nido Notting Hill S.à r.l. and London Power Networks Limited with First Title Insurance Plc dated 18 March 2011 in respect of the NH Property.

“Total Commitments” means the aggregate of the Commitments being £390,000,000 at the date of the Senior Facility Agreement.

“Transaction Document” means:

- (a) a Finance Document;
- (b) an Acquisition Document;
- (c) a Lease Document;
- (d) a Headlease;
- (e) a Construction Management Agreement;
- (f) a Property Management Agreement;
- (g) the Hedging Agreement;
- (h) a Trust Instrument;
- (i) any constitutional document of an Obligor;
- (j) any document entered into pursuant to the Permitted Restructuring; or
- (k) any other document designated as such by the Agent (acting on the instructions of the Majority Lenders) and the Borrower.

“Transaction Obligor” means:

- (a) each Obligor;
- (b) the Shareholder; and
- (c) the Minority Unitholder.

“Transaction Security” means the Security created or evidenced or expressed to be created or evidenced under the Security Documents.

“Transfer Certificate” means a certificate substantially in the form scheduled to the Senior Facility Agreement or any other form agreed between the Facility Agent (acting on the instructions of the Majority Lenders) and the Borrower.

“Transfer Date” means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

“Trustees” means GREP London Portfolio II Trustee 1 Limited (a company incorporated in Jersey with registration number 117904) and GREP London Portfolio II Trustee 2 Limited (a company incorporated in Jersey with registration number 117905), in each case acting in their capacity as joint trustees of each of the Borrower, the SF Unit Trust, NH Unit Trust and KX Unit Trust respectively and each a **“Trustee”**.

“Trust Income” has the same meaning as in the relevant Trust Instrument.

“Trust Instrument” means:

- (a) the Borrower Trust Instrument;
- (b) the KX Trust Instrument;
- (c) the NH Trust Instrument; and
- (d) the SF Trust Instrument.

“Trust Property” has the same meaning as in the relevant Trust Instrument.

“TTM Debt Yield” means the ratio of the most recent trailing 12 months of actual Net Operating Income divided by the outstanding balance of the Loan at the time of calculation.

“Unit” means an individual unit in a Unit Trust and includes fractions of a Unit.

“Unit Trust” means each of:

- (a) the Borrower;
- (b) the KX Unit Trust;
- (c) the NH Unit Trust; and
- (d) the SF Unit Trust,

and where appropriate, Unit Trust means a Unit Trust acting through the Trustees.

“Unpaid Sum” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“US Tax Obligor” means:

- (a) an Obligor which is resident for tax purposes in the United States of America; or
- (b) an Obligor some or all of whose payments under the Finance Documents are from sources within the United States for US federal income tax purposes.

“Utilisation” means a utilisation of the Facility.

“Utilisation Date” means the date of Utilisation, being the date on which the Loan is to be made.

“Utilisation Request” means a notice substantially in the form set out in the schedule to the Senior Facility Agreement entitled *“Utilisation Request”*.

“Valuation” means a valuation of a Property, or as the context requires, the Properties by the Valuer, supplied at the request of the Agent, addressed to ‘Citibank, N.A., London Branch and its Affiliates’ and dated 10 April 2015 and prepared on the basis of the Market Value as that term is defined in the then current Valuation Practice Statements issued by the Royal Institution of Chartered Surveyors.

“Valuer” means CBRE Limited or any other surveyor or valuer appointed by the Agent (acting on the instructions of the Majority Lenders and acting reasonably).

“VAT” means:

- (a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere including, without limitation, goods and services tax imposed under the Goods and Services Tax (Jersey) Law 2007.

“Vendor” means Nido London S.à r.l., a private limited liability company (*société à responsabilité limitée*), incorporated under the laws of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528

Luxembourg, a share capital of GBP 15,000 and being registered with the Register of Commerce and Companies in Luxembourg under number B162.742.

DESCRIPTION OF THE PORTFOLIO

All of the information in this "Description of the Portfolio" section is correct as at 17 April 2015.

*The below description of the portfolio (the "**Portfolio**") is largely based on information obtained from the Group, Reports (as defined in the Senior Facility Agreement) and the Initial Valuation.*

As at 1 March 2015:

- (a) the Portfolio produced a contracted annual gross rental income of £33,507,508⁴.

As at 10 April 2015:

- (a) the Portfolio was comprised of student accommodation, commercial, residential and ancillary assets split across three sites in Greater London, United Kingdom and ranging in value from £46,510,000 to £295,975,000; and
- (b) the aggregate value of the Portfolio was £599,455,000, which represents an average capital value of £635/sq ft..

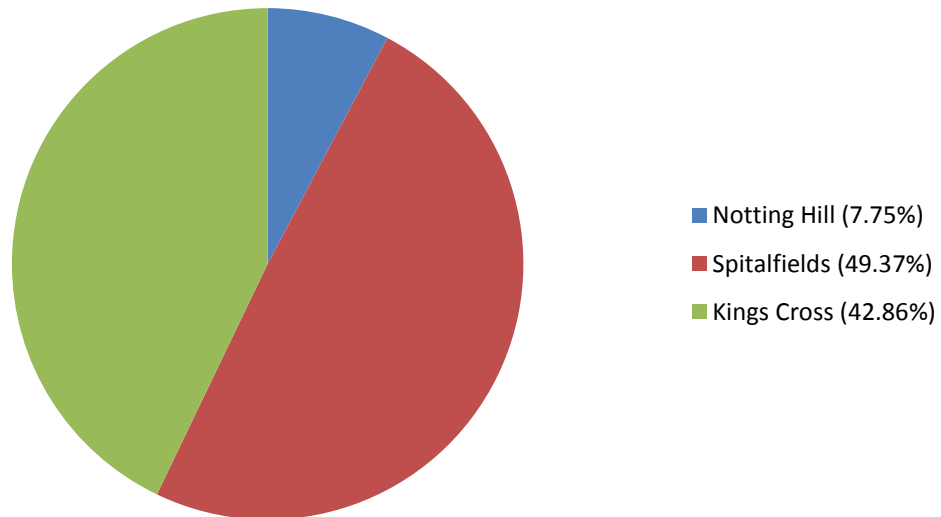
As at 17 April 2015:

- (a) the NH Property is a freehold title absolute held by GS Notting Hill. The NH Property is subject to an intra-group lease for 25 years (expiring 15 August 2035) of the student accommodation premises granted to Nido Notting Hill Limited. It is also subject to a 250 year commercial lease (expiring 16 August 2261) granted to a third party and an electricity substation lease for 99 years (expiring 20 March 2110). Student accommodation licences are granted by Nido Notting Hill Limited;
- (b) the KX Property is a freehold title absolute held by the Borrower. The KX Property is subject to four intra-group leases for terms of 999 years, which split the property into student housing, retail, private residential and car parkin premises. The 999 year leases are subject to three further intra-group underleases granted for terms of 25 years in relation to the student housing, private residential and car parking premises, a third party private residential lease for a term of 998 years and 362 days and various third party retail and residential leases and car parking leases and licences. Student accommodation licences are granted by Nido Kings Cross Limited; and
- (c) the SF Property is a freehold title absolute held by the Borrower. The SF Property is subject to three intra-group leases for terms of 999 years, which split up the property into student housing, retail and residential premises, and a third party ground lease for a term of 999 years. The 999 year intra-group leases are subject to further leases in relation to student housing, private residential and car parking leases as well as various retail leases. Student accommodation licences are granted by Nido Spitalfields Limited.

The portfolio is mostly comprised of student accommodation and ancillary premises, as well as some commercial, residential housing and car parking. Geographically, the portfolio is concentrated in Greater London, United Kingdom. The charts below show the portfolio breakdowns (by market value) by location.

⁴ This figure excludes potential additional income assumed by CBRE Limited for valuation purposes.

Property OMV* by Region



** OMV denotes original market value (exclusive of VAT) as at the date of the relevant Initial Valuation and taking into account the assumption (more particularly described in the relevant Initial Valuation report) that the property is held by a special purpose vehicle which attracts 0% stamp duty land tax.*

The following table contains information on the composition of the Portfolio by sector and region, in each case as at 10 April 2015:

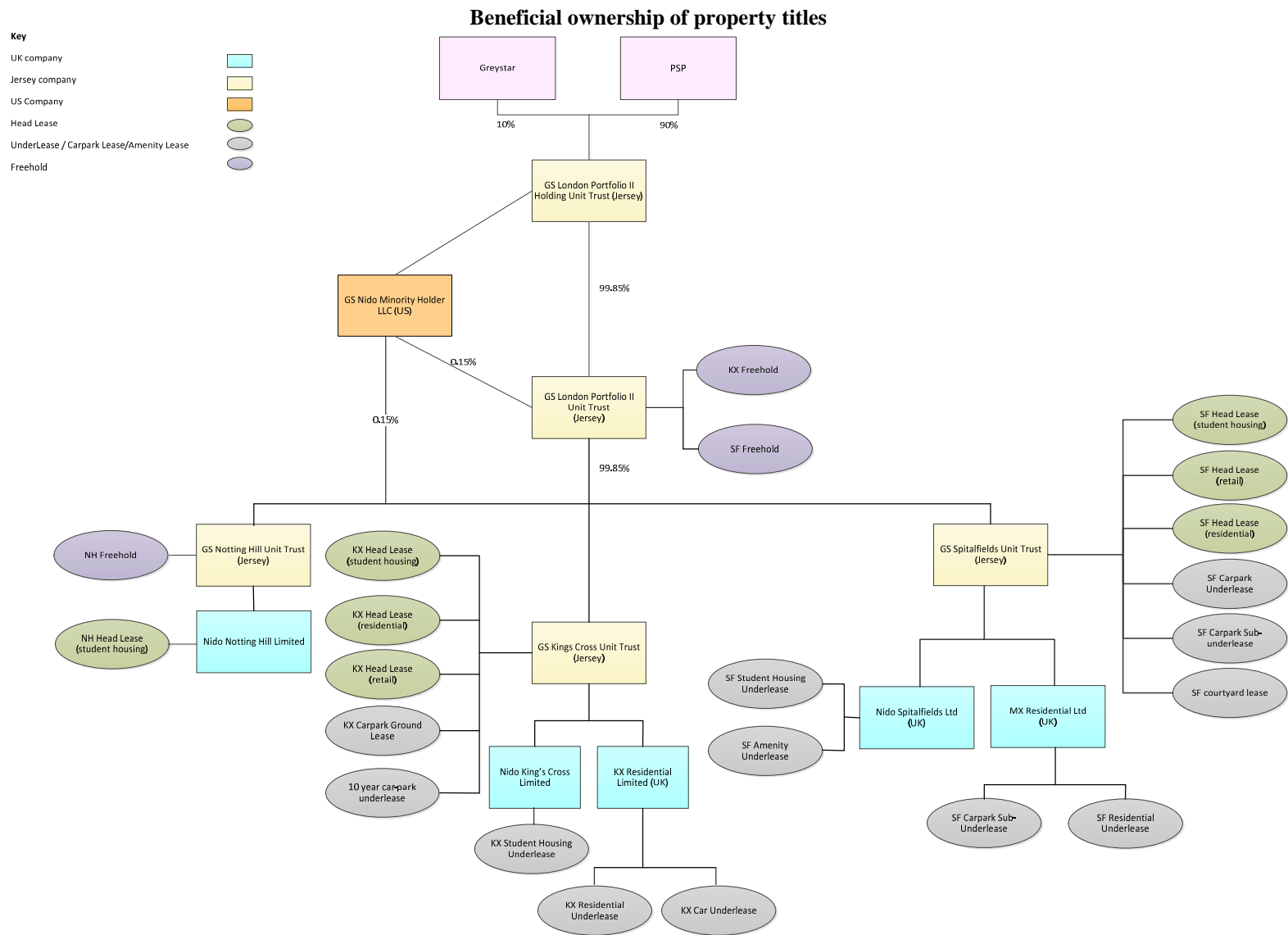
CBRE Limited has not measured the properties and gives no warranty as to the accuracy of the floor areas.

Address	Tenure	Type	Region	Area (SqFt)	Vacancy Rate (by sq ft) ⁵	Net Rent(pa) (1)	Net Market Rent (pa)	WAULT to Break ⁶
188 to 208 (even) Pentonville Road, London	Freehold	Student Accommodation	King's Cross	330,445	4%	£11,224,598	£11,955,142	46.9 weeks
188 to 208 (even) Pentonville Road, London	Freehold	Private Residential Accommodation	King's Cross	19,864	9%	£849,498	£873,210	N/A
188 to 208 (even) Pentonville Road, London	Freehold	Commercial Premises	King's Cross	28,010	0%	£546,817	£672,001	13.5 years
1 Alderson Street, London W10 5JY	Freehold	Student Accommodation	Notting Hill	62,444	12%	£2,510,347	£2,510,347	45.6 weeks
1 Alderson Street, London W10 5JY	Freehold	Commercial Premises	Notting Hill	4,292	0%	£1	£1	246.5 years
Frying Pan Alley, London	Freehold	Student Accommodation	Spitalfields	473,776	5%	£14,422,510	£14,801,568	45.8 weeks
Frying Pan Alley, London	Freehold	Residential Accommodation	Spitalfields	8,151	0%	£238,875	£238,875	N/A
Frying Pan Alley, London	Freehold	Commercial Premises	Spitalfields	12,136	0%	£227,500	£243,500	12.3 years

(1) Based on gross contractual rent as at 1 March 2015 and CBRE Limited's assumptions as to potential additional income and management costs.

⁵ Based on the Originator's data using information provided by Greystar Real Estate Partners, LLC.

⁶ Based on the Originator's data using information provided by Greystar Real Estate Partners, LLC.



SALE OF ASSETS

Loan Sale Agreement

On or around the Closing Date, each Seller will transfer by way of novation to the Issuer and the Issuer will acquire from each Seller, its rights, title, interests and benefits in respect of the relevant proportion of the relevant Seller's commitment in the Loan, as set out in the relevant Seller's Transfer Certificate dated on or about the Closing Date executed by the relevant Seller, the Issuer and the Facility Agent (the "**Seller Commitment**") and its interest in the Related Security corresponding to that Seller Commitment (together, the "**Loan Assets**"). For the avoidance of doubt, the Loan Assets include, subject to the subsisting rights of redemption of the Obligors, all the rights, interest title, and benefit (both present and future) of each Seller in its capacity as a lender in, to and under its Seller Commitment, and its interest in the corresponding Related Security and without limitation, including in respect of:

- (a) its right as a lender to demand, sue for, recover, receive and give receipts for all moneys payable or to become payable in respect of its Seller Commitment, as applicable, but so that the Seller shall not transfer or assign and shall retain for its own benefit the amount of any interest or other sum (other than principal) paid in respect of any period ending on (and including) the day immediately preceding the Closing Date and the amount of principal paid or due to be paid prior to (but excluding) the Closing Date;
- (b) the benefit of and the right of the Seller to sue on all covenants with and undertakings to the Seller or for its benefit in respect of its Seller Commitment, as applicable, and its interest in the Related Security with respect to its Seller Commitment and its right to exercise all rights and powers of the Seller in relation to its Seller Commitment, as applicable;
- (c) all estate, title and interest in any of the Properties vested in the Seller as security for its Seller Commitment, subject to redemption or cesser;
- (d) all reports, valuations, opinions, certificates and consents given in connection with the Loan, which are assignable or transferable to the Issuer and all of its causes and rights of action against any person in connection with any report, valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with the Loan, as applicable;
- (e) (subject to the subsisting rights (if any) of a Mortgagor) all the estate, rights, title, interests and benefits of the Seller in each insurance policy taken out in respect of any of the Properties including, without limitation, the right (if any) to receive the proceeds of any claim;
- (f) all scheduled payments of interest and all principal due on or with respect to its Seller Commitment after the Closing Date;
- (g) all other payments of interest, principal, indemnities for costs and expenses or any other amounts received on or with respect to its Seller Commitment after the Closing Date; and
- (h) all rights under all subordination agreements relating to the Loan, (including, without limitation, the Subordination Deed),

in each case to the extent such Seller would, but for the transfer contemplated by this Agreement, be entitled to claim any of the foregoing in respect of the relevant Loan Assets transferred.

On origination, the Originator was the sole lender with respect to the Whole Loan and it subsequently transferred parts of the Whole Loan to certain lenders, including Lloyds Bank plc. Each of Lloyds Bank plc and the Originator (the Originator acting as a Seller), wish to sell some of their interests in the Whole Loan to the Issuer.

Therefore, on the Closing Date, the Issuer, the Issuer Security Trustee, the Cash Manager, the Agent Bank, the Originator and the Sellers will enter into a loan sale agreement (the "**Loan Sale Agreement**") and, in the case of the Issuer and each of the Sellers, Transfer Certificates in respect of each Seller dated on or about the Closing Date executed by the relevant Seller, the Issuer and the Facility Agent, pursuant to the terms of which, among

other things, each Seller will transfer and the Issuer will acquire from each Seller the right, title, interests and benefits of each Seller in respect of its Seller Commitment and its interests in the Related Security.

In consideration for the sale of the Loan, the Issuer will pay on the Closing Date, £100,000,000 to the Sellers (the "**Initial Purchase Price**") to be paid to the Sellers in accordance with the proportions set out in the Loan Sale Agreement.

In addition to the Initial Purchase Price, the Issuer will pay to the Sellers additional amounts (together the "**Stripped and Accrued Interest Payments**"), the following amounts to be paid to each Seller in proportion to each Seller's share of the initial purchase price, each Seller's respective share being set out in the Loan Sale Agreement:

- (a) on the first Distribution Date falling in November 2015 only, accrued but unpaid interest or fees on the Loan up to (and excluding) one Business Day prior to the Closing Date ("**Accrued Interest Payments**"); and
- (b) on each Distribution Date, any surplus Available Funds following the prior application of such Available Funds sequentially:
 - (i) prior to the service of a Note Acceleration Notice, in accordance with paragraphs (a) to (f) of the Pre-Enforcement Revenue Priority of Payments, and
 - (ii) following the service of a Note Acceleration Notice, in accordance with paragraphs (a) to (f) of the Post Enforcement Priority of Payments,

(the payments in (i) and (ii) being the "**Stripped Interest Payments**").

Following the transfer of the Loan to the Issuer, (i) as and from the Closing Date, the Issuer will be a lender under the Senior Facility Agreement in respect of the Loan, and (ii) the original loan and security documents will be held by the Security Agent on behalf of the Issuer.

Pursuant to the Loan Sale Agreement the Issuer is restricted from agreeing to any amendment or modification or entering into any agreement or arrangement with any party which would have the effect of (i) reducing or cancelling the amount of Stripped and Accrued Interest Payments due and payable to the Sellers; (ii) modifying the method of calculating the Stripped and Accrued Interest Payments; (iii) postponing any date on which the payment of the Stripped and Accrued Interest Payments are to be made or (iv) adversely affecting the right of the Sellers to receive payment of the Stripped and Accrued Interest Payments under the Loan Sale Agreement, in each case, without the Sellers' prior written consent (in the Sellers' absolute discretion).

Pursuant to the Loan Sale Agreement, a Seller may assign, transfer or charge its interest in its entitlement to the Stripped Interest Payments to one or more third parties.

Several Liability

The obligations of each Seller under the Loan Sale Agreement are several and not joint.

Seller's Representations and Warranties

None of the Issuer or the Issuer Related Parties has made or will make any of the enquiries, searches or investigations which a prudent purchaser of similar assets would normally make, nor has any such entity made any enquiry at any time in relation to compliance by the Originator with its lending criteria or the legality, validity, perfection, adequacy or enforceability of the Issuer Assets or the transfer thereof pursuant to the Loan Sale Agreement.

In relation to all of the foregoing matters, the Issuer will, in relation to the Loan and the Related Security rely solely on the representations and warranties given by each Seller in the Loan Sale Agreement. None of the Issuer Related Parties will be obliged to verify compliance by the Sellers with such representations and warranties.

In the event of a Material Breach of Loan Warranty (as defined below), the relevant Seller will be required, within 60 days (or such longer period not exceeding 90 days as the Issuer may agree) of receipt of written notice of the relevant Material Breach of Loan Warranty from the Issuer, to remedy the matter giving rise to such breach of representation or warranty, if such matter is capable of remedy.

If a Material Breach of Loan Warranty is not capable of remedy or is not remedied within the specified period, the relevant Seller will (subject to the repurchase provision below) be required to indemnify on a *pro rata basis* in proportion to the Seller Commitment that it transferred to the Issuer on the Closing Date, on a several basis, on demand the Issuer against all losses, claims, demands, taxes and all other expenses or other liabilities incurred by the Issuer as a result of such Material Breach of Loan Warranty.

Neither the Issuer nor the Issuer Security Trustee will have any claim in respect of any breach of any Loan Warranty that is not a Material Breach of Loan Warranty.

In the event that the Issuer makes a demand for indemnity in respect of a Material Breach of Loan Warranty, the relevant Seller will be entitled (but will not be obliged), as an alternative to the Sellers being required to indemnify the Issuer, to repurchase the Loan and the Related Security pertaining to it on a *pro rata basis* in proportion to the Seller Commitment that it transferred to the Issuer on the Closing Date, on a several basis, a date not later than the second Distribution Date following the demand. The consideration payable in these circumstances will be an amount equal to the principal balance of the Loan then outstanding, any accrued but unpaid interest thereon plus all other amounts outstanding to the Issuer as a Finance Party under the Senior Facility Agreement, in each case in proportion to the Seller Commitment that it transferred to the Issuer.

The representations and warranties (the "**Loan Warranties**") to be given by each Seller in the Loan Sale Agreement in respect of itself and in respect of its share in the Loan that is being transferred to the Issuer, which are qualified as set out in this section below, will comprise statements to the following effect, including:

- (a) *No Governmental Authority approval*: other than as specified in the Finance Documents, no notice to, registration with, consent or approval of or any other action by any relevant Governmental Authority is or will be required for each Seller to execute, deliver and perform its obligations under the Loan Sale Agreement.
- (b) *Unencumbered title*: it is the sole legal and beneficial owner of the rights pertaining to its share under the Loan and is the sole beneficial owner of the interest in the Related Security, insofar as it pertains to the Loan in respect of which it is the Lender, in each case free and clear of all encumbrances, claims and equities.
- (c) *No other documents*: other than the Finance Documents, there are no other documents executed by it which would materially and adversely affect the Loan or the Related Security and (other than the documentation contemplated by the Finance Documents) it has not executed any other documentation relating to the Finance Documents except for those documents that are required to be executed in the Seller's capacity as Lender.
- (d) *No default*: it is not in material default of any of its obligations in relation to the Loan and Related Security.
- (e) *Alienability*: subject to the obtaining of any necessary consents, licenses, and authorisations, all rights and benefits (including proprietary rights under any relevant security documentation) and, where applicable, all its obligations under the Finance Documents which the Sellers have agreed will be novated, assigned or otherwise effectively transferred or participated to the Issuer pursuant to the transaction are capable of being so novated, assigned or otherwise transferred or participated.
- (f) *No acceleration or payment default*: so far as it is aware, no decision has been taken to accelerate or enforce its rights under the Finance Documents and no amount of principal or interest is due and unpaid under the Finance Documents.
- (g) *No set-off*: pursuant to the terms of the Finance Documents, no Obligor is entitled to exercise any right of set-off (except to the extent required by law) under the Finance Documents.

- (h) *Sale of the Loan*: the sale of the Loan and the Related Security occurs in the ordinary course of the business of the Seller.

Pursuant to the Loan Sale Agreement, the Loan Warranties are qualified by reference to all general principles of law limiting the same as set out in the legal opinions referred to in the Finance Documents.

Where:

"Governmental Authority" means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

"Material Breach of Loan Warranty" means a breach of any of the Loan Warranties in any material respect where the facts and circumstances giving rise to that breach have a material adverse effect on the ability of the Issuer to make timely payment in full of its obligations under the Notes.

"Mortgage" means a security interest in land constituted by a Transaction Security Document created by a written instrument securing the payment of a debt owed by the Borrower to the Security Agent, granting the Security Agent a first ranking legal mortgage over the relevant Property and the related liquidation proceeds upon enforcement.

"Mortgagor" means the grantor of a Mortgage.

"Related Security" means all right, title and interest of the Sellers or all rights, title and interest of the Issuer following the execution of the Loan Sale Agreement, present and future, in, to and under the Transaction Security Documents and any other security agreements as they relate to the Loan;

"Issuer Assets" means the Loan and the Issuer's interest in the Related Security and all monies derived therefrom from time to time, all of which will be sold and transferred to the Issuer on the Closing Date pursuant to the Loan Sale Agreement; and

"Security Interest" means any mortgage or sub-mortgage, standard security, fixed or floating charge or sub-charge, pledge, lien, assignment or assignation by way of security or subject to a proviso for redemption, encumbrance, hypothecation, retention of title, or other security interest whatsoever howsoever created or arising and its equivalent or analogue whatever called in any other jurisdiction, and any agreement or arrangement having substantially the same economic or financial effect as any of the foregoing.

AVAILABLE FUNDS AND THEIR PRIORITY OF APPLICATION: THE NOTES

Source of Funds

The repayment of principal and the payment of interest by the Borrower in respect of the Loan will provide the only source of funds for the Issuer to make payments of interest on and repayments of principal in respect of the Notes.

Determination Date

On the date which is one Business Day prior to each Distribution Date (each, a "**Determination Date**") the Cash Manager will be required to calculate and/or determine, based on information provided to it by (or on behalf of) the Issuer or the Facility Agent, the following:

- (a) the amount and allocation of Revenue Receipts and Principal Receipts received and that are payable into the Issuer Transaction Account on or prior to the Distribution Date immediately following a Determination Date;
- (b) the Available Funds available to the Issuer for distribution on the following Distribution Date; and
- (c) all amounts due according to the applicable Issuer Priority of Payments.

Funds Paid into the Issuer Transaction Account

On each Loan Interest Payment Date, the Facility Agent will transfer from the relevant Debt Service Account or any other relevant Obligor bank account to the Issuer Transaction Account an amount equal to the aggregate amounts in respect of interest, principal, fees and other amounts, if any, then payable under the Senior Facility Agreement to which the Issuer, as a lender, is entitled to receive.

The Issuer's interest and income receipts (the "**Revenue Receipts**") will comprise, on any day, the sum of all amounts of whatever nature received or recovered by or on behalf of the Issuer under or in connection with the Loan (other than Principal Receipts), and including, without limitation all amounts received or recovered by or on behalf of the Issuer in respect of:

- (a) interest payments received under the Loan;
- (b) any Default Interest;
- (c) Break Costs received under the Loan;
- (d) any prepayment fees received under the Loan;
- (e) any costs, expenses, commissions and other sums, in each case made by the Borrower in respect of the Loan or the Related Security (other than any repayments in respect of Principal Receipts); and
- (f) interest on amounts standing to the credit of the Issuer Transaction Account and any cash deposits held in a bank account of the Issuer) received during the Interest Period immediately preceding a Determination Date.

Where:

"Break Costs" means the breakage costs payable to the Issuer corresponding to the Issuer's interest in the Loan repaid or prepaid on an Intra-Loan Interest Payment Date provided that that the Noteholder Representative has provided a break cost determination to the Facility Agent in accordance with the provisions relating to break costs set out in the Senior Facility Agreement; and

"Default Interest" means, with respect to any unpaid sums which an Obligor fails to pay under a Finance Document, the interest accrued and payable by the Obligor to the Facility Agent on any such overdue amount as calculated in accordance with the default interest provisions of the Senior Facility Agreement.

The Issuer's principal receipts (the "**Principal Receipts**") will comprise on any day all payments and repayments of principal received or recovered by or on behalf of the Issuer in connection with the Loan and standing to the credit of the Issuer Transaction Account, including, without limitation all amounts received or recovered by or on behalf of the Issuer in respect of:

- (a) amounts recovered in respect of the Loan which are applied towards the reduction of outstanding principal as a result of any action taken to enforce the Loan and/or the Related Security (including any amounts standing to the credit of the Capex Reserve Account);
- (b) any mandatory prepayment amounts of a principal nature as a result of: illegality, mandatory prepayment from insurance proceeds or recovery claims, disposals, expropriation proceeds, change of control, a cash trap event or a cure payment or, replacement or repayment and cancellation in relation to a single lender or the occurrence of any other mandatory prepayment event following which amounts are allocated towards the prepayment of principal on the Loan, subject to, in each case, the conditions set out in the Senior Facility Agreement;
- (c) voluntary repayments or prepayments in respect of the principal outstanding under the Loan made on notice in accordance with the Senior Facility Agreement;
- (d) payments received by or on behalf of the Issuer as a result of an indemnity payment from or the repurchase of the Loan by the Sellers pursuant to the Loan Sale Agreement which, in each case, do not constitute Revenue Receipts; and
- (e) any repayments or prepayments made by or on behalf of the Borrower in connection with a restructuring of the Senior Facility Agreement or as a condition to any waiver of an Event of Default under the Senior Facility Agreement.

Where:

"Available Funds" means as at a Distribution Date, an amount equal to the aggregate of the Revenue Receipts and the Principal Receipts received or expected to be received and that are payable into the Issuer Transaction Account on or prior to such Distribution Date.

"Capex Reserve Account" means the account designated as such required to be opened and maintained on behalf of the Borrower in accordance with the Senior Facility Agreement and includes the interests of the Borrower in any replacement account or sub-division or sub-account of that account.

Default Interest

Upon receipt of any Default Interest by or on behalf of the Issuer during an Interest Period, the amount of Default Interest shall on the immediately following Distribution Date be payable by the Cash Manager to the Noteholders pursuant to Condition 5(d) (*Default Interest*) in accordance with the applicable Issuer Priority of Payments. For further details of the rate and method of calculating Default Interest in respect of the Whole Loan see the section entitled "*THE LOAN AND RELATED SECURITY – Interest*" of this Offering Circular.

Principal Distributions

On each Distribution Date, the Notes will be subject to a mandatory redemption in part in an amount up to the sum of the Principal Receipts available to pay principle subject to the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

Issuer Priority Payments

Prior to the service of a Note Acceleration Notice, the Cash Manager will apply all Revenue Receipts received by the Issuer on or prior to each Distribution Date, as determined on the immediately preceding Determination Date in the following manner and order of priority, including, other than where expressly set out below, any value added tax (including any reverse-charge value added tax) properly payable thereon (the "**Pre-Enforcement Revenue Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of the fees or other remuneration of (and amounts payable in respect of indemnity protection) and any costs, charges, liabilities and expenses incurred by the Note Trustee and the Issuer Security Trustee (and, in each case, including any attorney, agent, manager, delegate, nominee or other person appointed by the Note Trustee under the Note Trust Deed or any receiver, agent, delegate, nominee, custodian or other person appointed by the Issuer Security Trustee under the Deed of Charge and Assignment) (the "**Appointees**");
- (b) *second*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of the amounts, including, but not limited to, tax adviser fees, costs of tax compliance, legal fees, audit fees, anticipated winding-up costs of the Issuer, fees due to the stock exchange where the Notes are then listed and company secretarial expenses, which are payable by the Issuer to third parties and incurred without breach by the Issuer of the Note Trust Deed or the Deed of Charge and Assignment and not provided for payment elsewhere, and to provide for any such amounts expected to become due and payable by the Issuer after that Distribution Date, and (to the extent that the same cannot be paid or provided for by funds standing to the credit of the Issuer Transaction Account) to provide for the Issuer's liability or possible liability for Irish corporation tax and to pay the Issuer Profit Amount to the Issuer Profit Account;
- (c) *third*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of (i) all amounts due to the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement, (ii) fees, costs and expenses of the directors of the Issuer and any advisors appointed by them, if any, (iii) all amounts due to the Operating Bank under the Cash Management Agreement, (iv) all amounts due to the Cash Manager under the Cash Management Agreement and (v) all amounts due to the Agents under the Agency Agreement;
- (d) *fourth*, on a *pro rata* and *pari passu* basis, in or towards satisfaction of any Note Prepayment Fees due or overdue in respect of the Notes;
- (e) *fifth*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of (i) interest due and overdue on the Notes, and (ii) (only on the first Distribution Date falling in November 2015) the Accrued Interest Payments to the Sellers in accordance with the Sellers' shares set out in the Loan Sale Agreement;
- (f) *sixth*, in or towards satisfaction on a *pro rata* and *pari passu* basis, of Default Interest due or overdue in respect of the Notes; and
- (g) *seventh*, on a *pro rata* and *pari passu* basis, the surplus (if any) to the Sellers as Stripped Interest Payments in accordance with the Sellers' shares set out in the Loan Sale Agreement.

Application of Principal Receipts Prior to Enforcement

Prior to the service of a Note Acceleration Notice, the Cash Manager will apply Principal Receipts received by the Issuer on or prior to each Distribution Date, as determined on the immediately preceding Determination Date in the following manner and order of priority (the "**Pre-Enforcement Principal Priority of Payments**", (only if and to the extent that payments or provisions of a higher priority have been made in full) in or towards satisfaction, on a *pro rata* and *pari passu* basis, of all principal due or overdue in respect of the Notes until the Notes have been repaid in full.

The Pre-Enforcement Principal Priority of Payments, together with the Pre-Enforcement Revenue Priority of Payments are referred to as the "**Pre-Enforcement Priority of Payments**".

Post-Enforcement Priority of Payments

Following the service of a Note Acceleration Notice, the Issuer Security Trustee will apply all monies and receipts (whether of principal or interest or otherwise), received by the Issuer and/or the Issuer Security Trustee or a receiver appointed by it, on each Distribution Date (which for the avoidance of doubt shall not cover any tax credits (whether of principal or interest or otherwise), unless an amount in respect of such tax credit has actually been received) in the following manner and order of priority, including, other than where expressly set out below, any VAT (including any reverse-charge VAT) properly payable thereon (the "**Post-Enforcement**

Priority of Payments" and together with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, the **"Issuer Priority of Payments"**) (in each case only if and to the extent that payments of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of the fees or other remuneration of (and amounts payable in respect of indemnity protection) and any costs, charges, liabilities and expenses incurred by the Note Trustee and the Issuer Security Trustee (and, in each case, including any Appointee);
- (b) *second*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of the amounts, including, but not limited to, tax adviser fees, costs of tax compliance, legal fees, audit fees, anticipated winding-up costs of the Issuer, fees due to the stock exchange where the Notes are then listed and company secretarial expenses, which are payable by the Issuer to third parties and incurred without breach by the Issuer of the Note Trust Deed or the Deed of Charge and Assignment and not provided for payment elsewhere, and to provide for any such amounts expected to become due and payable by the Issuer after that Distribution Date, and (to the extent that the same cannot be paid or provided for by funds standing to the credit of the Issuer Transaction Account) to provide for the Issuer's liability or possible liability for corporation tax;
- (c) *third*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of (i) all amounts due to the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement, (ii) fees, costs and expenses of the directors of the Issuer and any advisors appointed by them, if any, (iii) all amounts due to the Operating Bank under the Cash Management Agreement, (iv) all amounts due to the Cash Manager under the Cash Management Agreement and (v) all amounts due to the Agents under the Agency Agreement;
- (d) *fourth*, in or towards satisfaction on a *pro rata* and *pari passu* basis of any Note Prepayment Fees due or overdue in respect of the Notes;
- (e) *fifth*, in or towards satisfaction on a *pro rata* and *pari passu* basis of all interest and Default Interest due or overdue in respect of the Notes;
- (f) *sixth*, in or towards satisfaction on a *pro rata* and *pari passu* basis of all principal due or overdue in respect of the Notes; and
- (g) *seventh*, the surplus (if any) on a *pro rata* and *pari passu* basis to the Sellers as Stripped Interest Payments in accordance with the Sellers' shares set out in the Loan Sale Agreement.

Description of Note Trust Deed

The Note Trustee will be appointed pursuant to the Note Trust Deed to represent the interests of the Noteholders. The Note Trustee will agree to hold the benefit of the covenants of the Issuer contained in the Note Trust Deed on behalf of itself and on trust for the Noteholders.

Among other things, the Note Trust Deed:

- (a) sets out when, and the terms upon which, the Note Trustee will be entitled or obliged, as the case may be, to take steps to enforce the Issuer's obligations under the Notes (or certain other relevant documents);
- (b) contains various covenants of the Issuer relating to repayment of principal and payment of interest in respect of the Notes, to the conduct of its affairs generally and to certain ongoing obligations connected with its issuance of the Notes;
- (c) provides for the remuneration of the Note Trustee, the payment of expenses incurred by it in the exercise of its powers and performance of its duties and provides for the indemnification of the Note Trustee against liabilities, losses and costs arising out of the Note Trustee's exercise of its powers and performance of its duties;

- (d) provides that so long as any Notes are outstanding and there is a conflict between the interests of the Noteholders and any other Issuer Secured Creditor, the Note Trustee will take into account only the interests of the Noteholders in the exercise of its discretions, rights or powers;
- (e) provides that the determinations of the Note Trustee will be conclusive and binding on the Noteholders;
- (f) sets out the extent of the Note Trustee's powers and discretions, including its rights to delegate the exercise of its powers or duties to agents, to seek and act upon the advice of certain experts and to rely upon certain documents without further investigation;
- (g) sets out the scope of the Note Trustee's liability for any fraud, gross negligence or wilful default in connection with the exercise of its duties;
- (h) sets out the terms upon which the Note Trustee may, without the consent of the Noteholders, waive or authorise any breach or proposed breach of covenant by the Issuer or determine that a Note Event of Default or an event which will become a Note Event of Default with the giving of notice or the passage of time will not be treated as such;
- (i) sets out the terms upon which the Note Trustee may, without the consent of the Noteholders, make or sanction any modification to the Conditions or to the terms of the Note Trust Deed or certain other relevant documents; and
- (j) sets out the requirements for and organisation of Noteholder meetings and the provisions for appointing a Noteholder Representative.

The Note Trust Deed also contains provisions governing the retirement or removal of the Note Trustee and the appointment of a successor Note Trustee. The Note Trustee may at any time and for any reason resign as Note Trustee upon giving not less than three months' prior written notice to the Issuer. The holders of the Notes acting together by Ordinary Resolution may together remove the Note Trustee from office. No retirement or removal of the Note Trustee (or any successor Note Trustee) will be effective until a trust corporation has been appointed to act as successor Note Trustee.

The appointment of a successor Note Trustee will be made by the Issuer or, where the Note Trustee has given notice of its resignation and the Issuer has failed to make any such appointment by the expiry of the applicable notice period, by the Note Trustee itself.

NOTEHOLDER COMMUNICATIONS

Any Verified Noteholder will be entitled from time to time to request the Cash Manager to request other Noteholders to contact it subject to and in accordance with the following provisions.

For these purposes "**Verified Noteholder**" means a Noteholder which has satisfied the Cash Manager in accordance with Conditions 12(e)(iv) and 12(f) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) that it is a Noteholder.

Following receipt of a request for the publication of a notice from a Verified Noteholder, the Cash Manager will publish such notice on its investor reporting website and as an addendum to any report to Noteholders due for publication within 2 Business Days of receipt of the same (or, if there is no such report, through a special notice for such purpose as soon as is reasonably practical after receipt of the same) provided that such notice contains no more than:

- (a) an invitation to other Noteholders to contact the Verified Noteholder;
- (b) the name of the Verified Noteholder and the address, phone number, website or email address at which the Verified Noteholder can be contacted;
- (c) the date(s) from, on or between which the Verified Noteholder may be so contacted; and
- (d) a request that a Noteholder wishing to be in contact with the Verified Noteholder confirm its holding in accordance with Condition 12(e)(iv) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) and confirm that it has not been disenfranchised pursuant to Condition 12(f) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*).

The Cash Manager will not be permitted to publish any further or different information through this mechanism.

The Cash Manager will have no responsibility or liability for the contents, completeness or accuracy of any such published information and will have no responsibility (beyond publication of the same in the manner described above) for ensuring Noteholders receive the same.

CASH MANAGEMENT

Cash Manager

Pursuant to the Cash Management Agreement to be entered into on or prior to the Closing Date between the Issuer, the Issuer Security Trustee, the Note Trustee, the Cash Manager and the Operating Bank, the Issuer will appoint Elavon Financial Services Limited, UK Branch (the "**Cash Manager**") to be its agent to provide certain cash management services (the "**Cash Management Services**") in relation to the Issuer Transaction Account, and any other Issuer Accounts. The Cash Manager will undertake with the Issuer and the Issuer Security Trustee that in performing the services to be performed and in exercising its discretions under the Cash Management Agreement, the Cash Manager will perform such responsibilities and duties diligently and in conformity with the Issuer's obligations with respect to the transaction and that it will comply with any directions, orders and instructions which the Issuer or the Issuer Security Trustee may from time to time give to the Cash Manager in accordance with the Cash Management Agreement.

Operating Bank and Issuer Accounts

Pursuant to the Cash Management Agreement, Elavon Financial Services Limited, UK Branch will act as operating bank (the "**Operating Bank**") and, as such, will open and maintain (a) the "**Issuer Transaction Account**" and (b) such other accounts as may be required to be opened for or on behalf of the Issuer from time to time, each in the name of the Issuer but excluding, for the avoidance of doubt, the Issuer Profit Account (together, the "**Issuer Accounts**"). The Operating Bank has agreed to comply with any direction of the Cash Manager or the Issuer Security Trustee to effect payments from the Issuer Transaction Account or any other Issuer Accounts if such direction is made in accordance with the Cash Management Agreement and the mandate governing the applicable account.

Calculation of Amounts and Payments

On each Determination Date, the Cash Manager will be required to determine the various amounts required to pay interest due on the Notes on the immediately following Distribution Date and all other amounts then payable by the Issuer and the amounts available to make such payments. In addition, the Cash Manager will calculate the Principal Amount Outstanding for the Interest Period commencing on such forthcoming Distribution Date and the amount of each principal payment (if any) due on the Notes on the next following Distribution Date, in each case pursuant to Condition 6(d) (*Principal Amount Outstanding*).

In addition, the Cash Manager will:

- (a) from time to time, pay on behalf of the Issuer all payments and expenses required to be paid by the Issuer to third parties by way of Issuer Priority of Payments or otherwise; and
- (b) make all payments required to carry out an optional redemption of Notes pursuant to and in accordance with the provisions of Condition 6(c) (*Optional Redemption for Tax or other reasons*).

For further information on the responsibility of the Cash Manager in respect of the Notes, see "**TERMS AND CONDITIONS OF THE NOTES**" at page 185.

If the Issuer or the Facility Agent fails to supply the Cash Manager with any information it requires to make these determinations, it will make its determinations based on the information provided to it by the Issuer or the Facility Agent on the three preceding Determination Dates and will not be liable to any person (in the absence of gross negligence, fraud or wilful default) for the accuracy of such determinations.

Furthermore, if for whatever reason an incorrect payment is made to any party entitled thereto pursuant to the Pre-Enforcement Priority of Payments, the Cash Manager will rectify the same by increasing or reducing payments to such party, as appropriate, on each subsequent Distribution Date or Distribution Dates (if applicable) to the extent required to correct the same. Where such an adjustment is required to be made, the Cash Manager will notify Noteholders of the same in accordance with the terms of Condition 15 (*Notice to and Communication between Noteholders*). Neither the Issuer nor the Cash Manager will have any liability to any person for making any such correction.

Cash Manager Quarterly Report

The Cash Manager has agreed on each Distribution Date to make available electronically to the Arranger, the Issuer, the Issuer Security Trustee and the Note Trustee (for the benefit and on behalf of each Noteholder) a statement to the Noteholders in respect of each Distribution Date in which it will notify the recipients of, among other things, all amounts received in the Issuer Transaction Account and payments made with respect thereto (the "**Cash Manager Quarterly Report**").

The Cash Manager will publish each Cash Manager Quarterly Report at www.usbank.com/abs and registration may be required for access to such website. It is not intended that any Cash Manager Quarterly Report will be made available in any other format, save in certain limited circumstances with the Cash Manager's agreement. The Cash Manager's website does not form part of the information provided for the purposes of this Offering Circular and disclaimers may be posted with respect to the information posted thereon.

Loan Level Information Reporting

In addition to the Cash Manager Quarterly Report, the Cash Manager will also make available certain information in respect of the Loan provided to it directly by the Facility Agent in relation to the immediately preceding Loan Interest Payment Date to the Noteholders by posting it on its website at www.usbank.com/abs in accordance with the Cash Management Agreement. Such loan level information (the "**Loan Level Information**") will comprise:

- (a) a compliance certificate delivered by the Borrower to the Facility Agent setting out the minimum interest coverage ratio, loan to value ratio and other financial ratio covenant compliance of the Whole Loan calculated in accordance with the methodologies for determining compliance with the related covenants and provisions pursuant to the Senior Facility Agreement;
- (b) a quarterly property report prepared for the Noteholders' purposes, the form of which is set out in Appendix 2 (the ***Noteholder Quarterly Property Report***); and
- (c) to the extent deliverable by the Borrower on or prior to a particular Loan Interest Payment Date, all other information provided by the Borrower pursuant to the information covenants contained in the Senior Facility Agreement.

All information required to be disclosed by the Cash Manager pursuant to the Cash Management Agreement by making it available on its website will be published on www.usbank.com/abs. Persons wishing to access Loan Level Information made available on the website will be required to certify that they are the Noteholder Representative or a Noteholder, as applicable.

For so long as the Notes are admitted to trading on the regulated market of the Irish Stock Exchange, in the event that the Cash Manager comes into possession of information as a result of performing its services pursuant to the Cash Management Agreement which amounts to inside information (for the purpose of Directive 2003/6/EC of 28 January 2003 and relevant implementing measures (the "**Market Abuse Directive**")) relating to the Notes, the Cash Manager shall promptly notify the Issuer of such information and the Issuer (if its directors determine in accordance with their obligations under the Market Abuse Directive) shall file that information with the Companies Announcement Office of the Irish Stock Exchange.

To the extent that the Cash Manager receives any notification by the Facility Agent or the Issuer in connection with any amendment or waiver of, or in relation to, any term of any Finance Documents or request to exercise any vote by the Issuer in relation to a Loan Level Matter, the Cash Manager shall not later than one Business Day after the receipt of any such notification or request make that information available to the Noteholder Representative by electronic mail.

Delegation by the Cash Manager

The Cash Manager is not permitted to subcontract or delegate the performance of any of its obligations under the Cash Management Agreement to any subcontractor, agent, representative or delegate without the prior written consent of the Issuer and the Issuer Security Trustee, such consent not to be unreasonably withheld. Subject to the provisions of the Cash Management Agreement, any delegated or subcontracted obligations,

when the necessary consent is given, will not relieve the Cash Manager from any liability under the Cash Management Agreement.

Fees

Pursuant to the Cash Management Agreement, the Issuer will pay to the Cash Manager in advance an annual cash management fee as agreed between the Cash Manager and the Issuer and will reimburse the Cash Manager for all costs and expenses properly incurred by the Cash Manager in the performance of the Cash Management Services.

Termination of Appointment of the Cash Manager

The appointment of Elavon Financial Services Limited, UK Branch as Cash Manager under the Cash Management Agreement may be terminated by virtue of its resignation or its removal by the Issuer or the Issuer Security Trustee. The Issuer (prior to a Note Acceleration Notice being given and not withdrawn) or the Issuer Security Trustee may terminate the Cash Manager's appointment upon not less than 90 days' written notice or immediately upon the occurrence of a termination event as prescribed under the Cash Management Agreement, including, among other things, (a) provided there are sufficient funds available a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager in accordance with the Cash Management Agreement, (b) a failure by the Cash Manager to maintain all appropriate licences, consents, approvals and authorisations required to perform its obligations under the Cash Management Agreement, (c) a material default by the Cash Manager in the performance of any of its other duties under the Cash Management Agreement (other than a default in its payment obligations described in paragraph (a) above) which continues unremedied for ten Business Days, or (d) a petition is presented or an effective resolution passed or any order is made by a competent court for the winding up (including, without limitation, the filing of documents with the court or the service of a notice of intention to appoint an administrator) or dissolution (other than in connection with a reorganisation, the terms of which have previously been approved in writing by the Issuer Security Trustee or by Extraordinary Resolutions of the Noteholders and where the Cash Manager is solvent) of the Cash Manager or the appointment of an administrator or similar official in respect of the Cash Manager or other creditor enforcement proceedings or arrangements are taken or instituted with respect to its assets. On the termination of the appointment of the Cash Manager by the Issuer Security Trustee, the Issuer may, subject to certain conditions, appoint a successor cash manager, as applicable.

The Cash Manager may resign as Cash Manager, upon not less than 90 days' written notice of resignation to each of the Issuer, the Operating Bank and the Issuer Security Trustee provided that such resignation will not become effective until a suitably qualified successor Cash Manager, has been appointed and if no replacement has been appointed after two months of the date of the resignation notice, it may appoint the successor itself.

The Noteholders may by an Ordinary Resolution require the removal and replacement of the Cash Manager provided that a suitably qualified successor Cash Manager has been appointed.

Termination of Appointment of the Operating Bank

The Cash Management Agreement requires that the Operating Bank is, except in certain limited circumstances, a bank which meets at least two of the following three long-term rating for its unguaranteed, unsecured and unsubordinated debt obligations of at least (i) "A3(LT)" by Moody's Investors Service Ltd, (ii) "A-(LT)" by Standard and Poor's Credit Market Services Europe Limited and (iii) "A-(LT)" by Fitch Ratings Ltd, (the **"Operating Bank Required Ratings"**).

If the Operating Bank ceases to have the Operating Bank Required Ratings, the Operating Bank will give written notice of such event to the Issuer, the Cash Manager and the Issuer Security Trustee, and the Operating Bank shall, within 30 days of such downgrade procure the transfer of any account held by the Issuer with the Operating Bank to another bank with the Operating Bank Required Ratings after having obtained the prior written consent of the Issuer and the Issuer Security Trustee and subject to establishing substantially similar arrangements to those contained in the Cash Management Agreement. If at the time when a transfer of such account or accounts would otherwise have to be made, there is no other bank with the Operating Bank Required Ratings or if no other bank with the Operating Bank Required Ratings agrees to such a transfer, the Operating Bank will consult with the Issuer and the Issuer Security Trustee to consider alternative criteria for a replacement and shall consider any views they may express during the consultation. Following such consultation, if a replacement entity is appointed, such appointment will be notified by the Operating Bank to

the Issuer, the Note Trustee and the Issuer Security Trustee promptly. Neither the Operating Bank nor the Cash Manager will have any liability to any person for any delay or failure to procure such transfer.

The Operating Bank may resign as Operating Bank, upon not less than 90 days' written notice of resignation to each of the Issuer, the Issuer Security Trustee and the Cash Manager provided that such resignation will not become effective until a suitably qualified successor Operating Bank has been appointed and if no replacement has been appointed after two months of the date of the resignation notice, it may appoint the successor itself.

If, other than in the circumstances specified above, the Cash Manager wishes the bank or branch at which any account of the Issuer is maintained to be changed, the Cash Manager will obtain the prior written consent of the Issuer and the Issuer Security Trustee, and the transfer of such account will be subject to the same directions and arrangements as are provided for above.

The Noteholders may by an Ordinary Resolution require the prompt removal and replacement of the Operating Bank provided that by such Ordinary Resolution, the Noteholders ratify the appointment of a suitably qualified successor Operating Bank, and such replacement is appointed by the Issuer prior to the removal of the existing Operating Bank.

YIELD, PREPAYMENT AND MATURITY CONSIDERATIONS

Yield

The yield to maturity on the Notes will depend upon the price paid by the Noteholders, the interest rate thereof from time to time, the rate and timing of the distributions in reduction of the Principal Amount Outstanding of the Notes and the rate, timing and severity of losses on the Loan, as well as prevailing interest rates at the time of payment or loss realisation.

The distributions of principal that Noteholders receive in respect of the Notes are derived from principal repayments on the Loan.

The rate of distributions of principal in reduction of the Principal Amount Outstanding of the Notes, the aggregate amount of distributions in principal on the Notes and the yield to maturity on the Notes will be directly related to the rate of payments of principal on the Loan, the amount and timing of defaults by the Borrower and the severity of losses occurring upon a default.

In addition, such distributions in the reduction of the Principal Amount Outstanding of the Notes may result from the repurchase of the Loan or indemnity payment by a Seller in accordance with the Loan Sale Agreement following a breach by the Sellers of the representations and warranties that it has given under that agreement in relation to the Loan.

Losses with respect to the Loan may occur in connection with a default on the Loan.

Noteholders will only receive distributions of principal or interest when due to the extent that the related payments under the Loan and the Related Security are actually received. Consequently, any defaulted payment will, to the extent of the principal portion thereof, tend to extend the weighted average lives of the Notes.

The rate at which voluntary prepayments occur on the Loan will be affected by a variety of factors, including, without limitation, the terms of the Senior Facility Agreement, the level of prevailing interest rates, the availability of mortgage credit, the occurrence of casualties or natural disasters and economic, demographic, tax, legal and other factors, and no representation is made as to the anticipated rate of prepayments on the Loan.

The rate of payments (including voluntary and involuntary prepayments) on the Loan is influenced by a variety of economic, geographic, social and other factors, including the level of interest rates, the amount of prior refinancing effected by the Borrower, the rate of tenant defaults and the extent to which the Borrower defaults on payments under the Loan. The terms of the Senior Facility Agreement and, in particular, the extent to which the Borrower is entitled to prepay the Loan, the ability of the Borrower to realise income from the Properties in excess of that required to meet scheduled payments of interest on the Loan, the obligation of the Borrower to ensure that certain debt service coverage tests are met as a condition to the disposal of the Properties, the risk of compulsory purchase of the Properties and the risk that payments by the Borrower may become subject to tax or result in an increased cost for the Issuer may affect the rate of principal payments on the Loan and, consequently, the yield to maturity of the Notes.

The timing of changes in the rate of prepayment on the Loan may significantly affect the actual yield to maturity experienced by an investor even if the average rate of principal payments experienced over time is consistent with such investor's expectation. In general, the earlier a prepayment of principal on the Loan, the greater the effect on such investor's yield to maturity. As a result, the effect on such investor's yield of principal payments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the Notes would not be fully offset by a subsequent like reduction (or increase) in the rate of principal payments.

No representation is made as to the rate of principal payments on the Loan or as to the yield to maturity of any of the Notes. An investor is urged to make an investment decision with respect to the Notes based on the anticipated yield to maturity of the Notes resulting from its purchase price and such investor's own determination as to anticipated prepayment rates in respect of the Loan under a variety of scenarios. The extent to which any of the Notes is purchased at a discount or a premium and the degree to which the timing of payments on such Notes is sensitive to prepayments will determine the extent to which the yield to maturity of such Notes may vary from the anticipated yield. An investor should carefully consider the associated risks, including, in the case of any Notes purchased at a discount, the risk that a slower than anticipated rate of

principal payments on the Loan could result in an actual yield to such investor that is lower than the anticipated yield and, in the case of any Notes purchased at a premium, the risk that a faster than anticipated rate of principal payments could result in an actual yield to such investor that is lower than the anticipated yield.

An investor should consider the risk that rapid rates of prepayments on the Loan, and therefore of amounts distributable in reduction of the principal balance of the Notes may coincide with periods of low prevailing interest rates. During such periods, the effective interest rates on securities in which an investor may choose to reinvest such amounts distributed to it may be lower than the applicable rate of interest on the Notes. Conversely, slower rates of prepayments on the Loan, and therefore, of amounts distributable in reduction of principal balance of the Notes entitled to distributions of principal, may coincide with periods of high prevailing interest rates. During such periods, the amount of principal distributions resulting from prepayments available to an investor in Notes for reinvestment at such high prevailing interest rates may be relatively small.

Weighted Average Life of the Notes

The weighted average life of a Note refers to the average amount of time that will elapse from the date of its issuance until each sterling allocable to principal of such Note is distributed to the investor. For the purposes of this Offering Circular, the weighted average life of a Note is determined by (a) multiplying the amount of each principal distribution thereon by the number of years from the Closing Date to the related Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in the Principal Amount Outstanding of such Note. Accordingly, the weighted average life of any such Note will be influenced by, among other things, the rate at which principal of the Loan is paid or otherwise collected or advanced and the extent to which such payments, collections or advances of principal are in turn applied in reduction of the Principal Amount Outstanding of the Notes to which such Note belongs.

For the purposes of preparing the following tables, it was assumed that:

- (a) the initial Principal Amount Outstanding of, and the interest rates for, the Notes are as set forth herein;
- (b) the scheduled quarterly payments for the Loan are based on stated quarterly interest payments;
- (c) all scheduled quarterly payments are assumed to be timely received on the due date of each quarter commencing on the first Distribution Date;
- (d) there are no delinquencies or losses in respect of the Loan, there are no extensions of maturity in respect of the Loan and there are no casualties or compulsory purchases affecting the Properties;
- (e) no prepayments are made on the Loan (except as otherwise assumed in the Scenarios);
- (f) the Issuer does not exercise the right of optional termination described herein and in Condition 6(c) *Optional redemption for Tax or other reasons*) as applicable;
- (g) the Loan is not repurchased by either or both of the Sellers;
- (h) there are no additional unanticipated administrative expenses;
- (i) interest payments on the Notes are made on each Distribution Date, commencing in November 2015;
- (j) the prepayment provisions for the Loan are as set forth in this Offering Circular, assuming the term for the prepayment provisions begin on the Loan's first Loan Interest Payment Date;
- (k) the Closing Date is 24 September 2015; and
- (l) no Note Acceleration Notice has been served.

Assumptions (i) through (xiii) above are collectively referred to as, the "**Modelling Assumptions**".

Scenario 1: it is assumed that the Loan is repaid in full on the Initial Maturity Date (as defined under "*Loan and Related Security*").

Scenario 2: it is assumed that the Loan is prepaid in full on the first Loan Interest Payment Date on which prepayments can be made without any prepayment penalties.

Scenarios 1 and 2 are collectively referred to herein as, the "**Scenarios**".

Based on the Modelling Assumptions, the following table indicates the resulting weighted average lives of the Notes.

Yield, Prepayment and Maturity Considerations

Yield Scenario	Notes	WAL
1: it is assumed that the Loan is repaid in full on the Initial Maturity Date (as defined above).	1.7%	2.7 (4.7 years if repaid on 20 May 2020)
2: it is assumed that the Loan is prepaid in full on the first Loan Interest Payment Date on which prepayments can be made without any prepayment penalties	1.7%	1.9 years.

THE ISSUER

The Issuer is a special purpose vehicle established in Ireland for the purpose of issuing asset backed securities, and was incorporated in Ireland, on 6 August 2015 as a designated activity company limited by shares under the Companies Act 2014 of Ireland with company registration number 566051. The registered office of the Issuer is at 1 Grant's Row, Lower Mount Street, Dublin 2, Ireland. The telephone number of the Issuer's registered office is +35 31 697 5350. The Issuer has no subsidiaries.

Principal Activities

The principal activities of the Issuer are set out in clause 2 of its memorandum of association and are, among other things, to purchase, take transfer of, invest in and acquire loans and any security given or provided by any person in connection with such loans, to hold and manage and deal with, sell or alienate such loans and related security, to borrow, raise and secure the payment of money by the creation and issue of bonds, debentures, notes or other securities and to charge or grant security over the Issuer's property or assets to secure its obligations.

Since the date of its incorporation, the Issuer has not commenced operations and no accounts have been made up as at the date of this Offering Circular. The activities in which the Issuer has engaged are those incidental to its incorporation and registration as a designated activity company under the Companies Act 2014 of Ireland, the authorisation of the issue of the Notes, the matters referred to or contemplated in this Offering Circular and the authorisation, execution, delivery and performance of the other documents referred to in this document to which it is a party and matters which are incidental or ancillary to the foregoing.

The Issuer will covenant to maintain independent directors and to observe certain restrictions on its activities which are detailed in Condition 4(a) (*Restrictions*) of the Notes, of the Deed of Charge and Assignment and the Note Trust Deed. In addition, the Issuer will covenant in the Note Trust Deed to provide written confirmation to the Note Trustee, on an annual basis, that no Note Event of Default, or an event which will become a Note Event of Default with the giving of notice or the expiry of any grace period (or other matter which is required to be brought to the Note Trustee's attention), has occurred in respect of the Notes.

The Issuer is expected to receive the Issuer Profit Amount as retained profit payable to it as consideration for entering into the transactions contemplated by the Transaction Documents.

Other than the Loan, the Issuer has, and will have, no material assets other than the sum of €1.00 representing the proceeds of its issued share capital, the Issuer Profit Amount payable to it in connection with the issue of the Notes or the purchase, sale or incurring of other obligations and the Issuer Security on which the Notes are secured. Save in respect of the fees generated in connection with the issue of the Notes, any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing the proceeds of the Issuer's issued share capital, the Issuer will not accumulate any surpluses.

Directors and Secretary

(a) The Issuer's articles of association provide that the board of directors of the Issuer will consist of at least two directors (the "**Directors**").

(b) The Directors of the Issuer and their other principal activities are:

Name	Principal Activities
Fiona De Lacy Murphy	Director
Áine Kingston	Director

(c) The Directors may from time to time act as directors, or be otherwise involved in, other companies which have similar objectives to those of the Issuer. It is therefore possible that any of them may, in the course of their business, have potential conflicts of interests with the Issuer. Each will respectively endeavour to ensure that such conflicts are resolved fairly in accordance with the obligations applicable to such party. At the date of this Offering Circular there are no principal activities performed by them outside those of the Issuer where these are significant with respect to the Issuer.

- (d) The business address for each Director is 1 Grant's Row, Lower Mount Street, Dublin 2, Ireland. The Company Secretary of the Issuer is Structured Finance Management (Ireland) Limited whose principal address is at 1 Grant's Row, Lower Mount Street, Dublin 2, Ireland.
- (e) As at the date of this Offering Circular, there are no potential conflicts of interests between any duties of each Director and its private interests and or other duties.
- (f) The Directors do not, and it is not proposed that they will, have service contracts with the Issuer. No Director has entered into any transaction on behalf of the Issuer which is or was unusual in its nature of conditions or is or was significant to the business of the Issuer since its incorporation.
- (g) At the date of this Offering Circular there were no loans granted or guarantees provided by the Issuer to any Director.
- (h) The Constitution of the Issuer provides that:
 - (i) Any Director may vote on any proposal, arrangement or contract in which he is interested; and
 - (ii) Subject to the provisions of the Constitution, a Director will hold office until such time as he is removed from office by resolution of the Issuer in general meeting or is otherwise removed or becomes ineligible to act as a Director in accordance with the Constitution.
- (i) The Issuer Corporate Services Provider will, under the terms of the Issuer Corporate Services Agreement provide certain corporate services to the Issuer and certain related corporate administrative services. The Issuer Corporate Services Agreement may be terminated by either the Issuer or the Issuer Corporate Services Provider upon notice. Such termination will not take effect, however, until a replacement corporate services provider has been appointed.

Since the date of incorporation of the Issuer, the Issuer has not traded, no profits or losses have been made or incurred and no dividends have been paid.

Capitalisation and Indebtedness Statement

The authorised share capital of the Issuer is €100 divided into 100 ordinary shares of €1.00 each. The Issuer has issued one share (the “**Share**”), which is fully paid and is held on trust by Structured Finance Management Corporate Services (Ireland) Limited as trustee (the “**Share Trustee**”) pursuant to the terms of a declaration of trust (the “**Share Declaration of Trust**”) dated 6 August 2015, under which the Share Trustee holds the Share on trust for charitable purposes. The rights of the Share Trustee as a shareholder in the Issuer are contained in the articles of association of the Issuer and the Issuer will be managed by its directors in accordance with those articles of association and in accordance with the laws of Ireland.

The Share Trustee has no beneficial interest in and derives no benefit (other than its fees for acting as Share Trustee) from its holding of the Shares of the Issuer. The Share Trustee will apply any income derived from the Issuer solely for the above purposes.

Issuer Corporate Services Agreement

Pursuant to the terms of the Issuer Corporate Services Agreement, the Issuer Corporate Services Provider will perform various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Issuer Corporate Services Agreement. In consideration of the foregoing, the Issuer Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Issuer Corporate Services Agreement provide that either party may terminate the Issuer Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Issuer Corporate Services Agreement which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Issuer Corporate Services Agreement at any time by giving not less than 90 days' written notice to the other party. Such termination will not take effect, however, until a replacement corporate services provider has been appointed.

Financial Statements

Since its date of incorporation, the Issuer has not commenced operations and no financial statements of the Issuer have been prepared as at the date of this Offering Circular. The Issuer intends to publish its first financial statements in respect of the period ending on 31 December 2015. The Issuer will not prepare interim financial statements. The financial year of the Issuer ends on 31 December in each year.

The profit and loss account and balance sheet can be obtained free of charge from the registered office of the Issuer. The Issuer must hold its first annual general meeting within 18 months of the date of its incorporation (and no more than 9 months after the financial year end) and thereafter the gap between its annual general meetings must not exceed 15 months. One annual general meeting must be held in each calendar year.

The auditors of the Issuer are Deloitte of Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2, who are chartered accountants and are members of the Institute of Chartered Accountants and registered auditors qualified to practise in Ireland.

DESCRIPTION OF THE NOTES

The Issuer accepts responsibility for the accurate reproduction of the information contained in this section which, insofar as it relates to the rules and procedures governing the operations of the Clearing Systems, has been sourced from the Clearing Systems. As far as the Issuer is aware and is able to ascertain from information published by the Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, prospective Noteholders are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect, and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Registrar, the Note Trustee, the Issuer Security Trustee, the Sellers, the Originator, any Agent party to the Agency Agreement or the Arranger or the Joint Lead Managers (or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act) will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

General

The £100,000,000 Floating Rate Notes due May 2023 (the "**Notes**") are constituted by a trust deed (the "**Trust Deed**") dated on or about the Closing Date between the Issuer and U.S. Bank Trustees Limited (the "**Note Trustee**"), which expression includes the trustee or trustees for the time being under the Trust Deed, as trustee for the Noteholders.

The holders of the Notes (the "**Noteholders**" and each a "**Noteholder**") are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Trust Deed, the Paying Agency Agreement and the Deed of Charge and Assignment.

The Notes shall be represented by a Global Note in registered form, without coupons or talons in the principal amount of £100,000,000. The Global Note will be deposited on or around the Closing Date with and registered in the name of a nominee for the Common Depositary.

Upon confirmation by the Common Depositary that it has custody of the Global Note, Euroclear or Clearstream, Luxembourg, as the case may be, will credit each subscriber of the Notes with the principal amount of Notes equal to the aggregate principal amount thereof for which it had subscribed and paid ("**Book-Entry Interest**").

Title to the Global Note will pass upon registration of transfers in the Register. The Global Note will only be exchangeable for Definitive Notes (without coupons and talons) in certain limited circumstances described in the section entitled "*Issuance of Definitive Notes*" below.

Holding of Beneficial Interests in Global Note

Ownership of beneficial interests in respect of the Global Note will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**direct participants**") or persons that hold beneficial interests or Book-Entry Interests in the Global Note through direct participants ("**Indirect Participants**" and, together with direct participants, "**participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg either directly or indirectly. Indirect participants will also include persons that hold beneficial interests through such participants. Beneficial interests or Book-Entry Interests in the Global Note will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the participants' accounts with the respective interests beneficially owned by such participants on each of their respective book-entry registration and transfer systems. The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability of persons within such jurisdictions or otherwise subject to the laws thereof to own, transfer or pledge beneficial interests or Book-Entry Interests in the Global Note.

Except as set forth below under "*Issuance of Definitive Notes*" at page 183, participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Note Trust Deed.

Accordingly, each person holding a beneficial interest or Book-Entry Interest in the Global Note must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and indirect participants must rely on the procedures of the direct participant or indirect participants through which such person owns its beneficial interest or Book-Entry Interest in the Global Note to exercise any rights and obligations of a holder of Notes under the Note Trust Deed.

Unlike legal owners or holders of the Notes, holders of beneficial interests or Book-Entry Interests in the Global Note will not have the right under the Note Trust Deed to act upon solicitations by the Issuer of consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of a beneficial interest or Book-Entry Interest in the Global Note will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of beneficial interests in the Global Note to vote on any requested actions on a timely basis. Similarly, upon the occurrence of a Note Event of Default under the Notes, holders of beneficial interests or Book-Entry Interests in the Global Note will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear, and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Note Trust Deed.

Unless and until Book-Entry Interests are exchanged for Definitive Notes, the Notes held by the Common Depositary may not be transferred except as a whole by that Common Depositary to a successor of the Common Depositary.

Purchasers of Book-Entry Interests in the Notes will hold Book-Entry Interests in the Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of the Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth in the section entitled "*Transfers*" below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfer of beneficial interests or Book-Entry Interests in the Global Note among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Note Trustee, the Issuer Security Trustee, the Registrar, the Agents or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

Payments on the Global Note

Each payment of interest on and repayment of principal of the Notes shall be made in accordance with the Agency Agreement (as defined below).

Payments of any amounts owing in respect of the Global Note will be made by or on behalf of the Issuer following receipt of any principal or interest on the Global Note, in sterling as follows: payments of such amounts in respect of the Global Note to be made to the Common Depositary for Euroclear or Clearstream, Luxembourg, or its nominee which will distribute such payments to participants who hold beneficial interests or Book-Entry Interests in the Global Note in accordance with the procedures of Euroclear or Clearstream, Luxembourg.

Under the terms of the Note Trust Deed, the Issuer and the Note Trustee will treat the registered holders of the Global Note as the owners thereof for the purposes of receiving payments and for all other purposes. Consequently, none of the Issuer, the Issuer Security Trustee or the Note Trustee or any agent of the Issuer, the Issuer Security Trustee or the Note Trustee has or will have any responsibility or liability for:

- (a) any aspect of the records of Euroclear or Clearstream, Luxembourg or any participant or indirect participant relating to or payments made on account of a beneficial interest or Book-Entry Interest in the Global Note or for maintaining, supervising or reviewing any of the records of Euroclear or Clearstream, Luxembourg or any

participant or indirect participant relating to or payments made on account of a beneficial interest or Book-Entry Interest in the Global Note; or

- (b) Euroclear or Clearstream, Luxembourg or any participant or indirect participant.

The Note Trustee is entitled to rely on any certificate or other document issued by Euroclear, Clearstream or Luxembourg for determining the identity of the several persons who are for the time being the beneficial holders of any beneficial interest or Book-Entry Interest in the Global Note.

All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment by the Common Depositary or its nominee, the respective systems will promptly credit their participants' accounts with payments in amounts proportionate to their respective ownership of beneficial interests or Book-Entry Interests in the Global Note as shown in the records of Euroclear or of Clearstream, Luxembourg. The Issuer expects that payments by participants to owners of beneficial interests or Book-Entry Interests in the Global Note held through such participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name" or in the names of nominees for such customers. Such payments will be the responsibility of such participants. None of the Issuer, the Note Trustee, the Issuer Security Trustee, the Registrar, the Agents or any other agent of the Issuer, the Note Trustee, the Issuer Security Trustee or the Registrar will have any responsibility or liability for any aspect of the records of Euroclear or Clearstream, Luxembourg relating to or payments made by Euroclear or Clearstream, Luxembourg on account of a participant's ownership of beneficial interests or Book-Entry Interests in the Global Note or for maintaining, supervising or reviewing any records relating to a participant's ownership of beneficial interests or Book-Entry Interests in the Global Note.

Book-Entry Ownership

The Global Note will have an ISIN and a Common Code and will be deposited with, and registered in the name of a nominee for the Common Depositary for Euroclear and Clearstream, Luxembourg.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have informed the Issuer as follows:

Custodial and depository links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Global Note and secondary market trading of beneficial interests in the Global Note.

Clearstream, Luxembourg and Euroclear each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Clearstream, Luxembourg and Euroclear provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg and Euroclear also deal with domestic securities markets in several countries through established depository and custodial relationships. Clearstream, Luxembourg and Euroclear have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Clearstream, Luxembourg and Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg and Euroclear is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

As Euroclear and Clearstream, Luxembourg act on behalf of their respective account holders only, who in turn may act on behalf of their respective clients, the ability of beneficial owners who are not account holders with Euroclear or Clearstream, Luxembourg to pledge interests in the Global Note to persons or entities that are not

account holders with Euroclear or Clearstream, Luxembourg, or otherwise take action in respect of interests in the Global Note, may be limited.

The Issuer understands that, under existing industry practices, if either the Issuer or the Note Trustee requests any action of owners of beneficial interests in the Global Note or if an owner of a beneficial interest in the Global Note desires to give instructions or take any action that a holder is entitled to give or take under the Note Trust Deed, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the direct participants owning the relevant beneficial interests to give instructions or take such action, and such direct participants would authorise indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

Redemption

For any redemptions of the Global Note in part, selection of the book-entry interests relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such other basis as Euroclear or Clearstream, Luxembourg deems fair and appropriate) provided that only Book-Entry Interests in the original principal amount of £1,000,000 (and integral multiples of £1,000 in excess thereof) or integral multiples of such original principal amount will be redeemed. Upon any redemption in part, the Paying Agent will mark down or cause to be marked down the schedule to the Global Note by the principal amount so redeemed.

Transfers

All transfers of beneficial interests in the Global Note will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its participants.

Each original purchaser of an interest in the Notes and any subsequent purchaser of the Notes (whether directly from the Issuer or from a Joint Lead Manager as part of its distribution) will be required to complete and deliver to the Issuer and the Joint Lead Managers an investor representation letter in relation to its purchase of an interest in the Notes. The Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws. The Notes may not be offered, sold or delivered, directly or indirectly, whether as part of the initial distribution thereof or in any subsequent transfer, within the United States or to, or for the account or benefit of, any U.S. Persons (as defined in Regulation S under the Securities Act).

Issuance of Definitive Notes

Holders of beneficial interests in the Global Note will be entitled to receive Definitive Notes representing Notes in registered form in exchange for their respective holdings of beneficial interests only if:

- (a) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Note Trustee is available; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any other jurisdiction (or of any political sub-division thereof or of any authority therein or thereof having power to tax) or in the interpretation or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form.

Definitive Notes will be issued in definitive form in minimum denominations of £1,000,000 and in integral multiples of £1,000 thereafter and will be serially numbered and will be issued (without coupons and talons). Title to the Definitive Notes shall pass upon registration of transfers in the Register.

The "**holder**" of any Note shall (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note, as the case may be, regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon and no person shall be liable for so treating such holder.

Any Definitive Notes issued in exchange for beneficial interests or Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as instructed by Euroclear or Clearstream, Luxembourg. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their participants with respect to ownership of the relevant beneficial interests or Book-Entry Interests.

Action in Respect of the Global Note and the Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notice in respect of the Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Notes, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Notes in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described above, with respect to soliciting instructions from their respective Participants.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form in which they will be set out in the Note Trust Deed.

The £100,000,000 Floating Rate Notes due 2023 (the "**Notes**") of Odin Finance DAC (the "**Issuer**") are constituted by a trust deed dated on or about the Closing Date (the "**Note Trust Deed**", which expression includes such trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made between the Issuer and U.S. Bank Trustees Limited (the "**Note Trustee**", which expression includes its successors or any further or other trustee under the Note Trust Deed) as trustee for the holders for the time being of the Notes.

In these Conditions (as defined below) the holders of the Notes are each referred to as a "**Noteholder**" and, collectively, the "**Noteholders**".

The security for the Notes is constituted by, and on terms set out in, an English law governed deed of charge and assignment dated on or about the Closing Date (the "**Deed of Charge and Assignment**", which expression includes such deed of charge and assignment as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified, the "**Issuer Security Documents**") and made in each case between, among others, the Issuer and U.S. Bank Trustees Limited (the "**Issuer Security Trustee**", which expression includes its successors or any further or other trustee under the Note Trust Deed). By an agency agreement dated on or about the Closing Date (the "**Agency Agreement**", which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, among others, the Issuer, the Note Trustee, Elavon Financial Services Limited, UK Branch in its separate capacities under the same agreement as principal paying agent (the "**Principal Paying Agent**", which expression includes its successor or any other principal paying agent appointed in respect of the Notes) and the agent bank (the "**Agent Bank**", which expression includes its successor or any other agent bank appointed in respect of the Notes) (the Principal Paying Agent being, together with any further or other paying agents for the time being appointed in respect of the Notes, the "**Paying Agents**") and Elavon Financial Services Limited as registrar (the "**Registrar**" (which expression includes any other registrar appointed in respect of the Notes) and, together with the Agent Bank, the Registrar and the Paying Agents, the "**Agents**"), provision is made for, among other things, the repayment of principal of and payment of interest on the Notes.

The provisions of these terms and conditions (the "**Conditions**" and any reference to a "**Condition**" shall be construed accordingly) include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Agency Agreement, the Issuer Security Documents, the Cash Management Agreement, the Issuer Corporate Services Agreement, the Loan Sale Agreement, the Share Declaration of Trust and the Master Definitions and Construction Schedule (as defined below). Copies of the Note Trust Deed, the Agency Agreement, the Issuer Security Documents, the Cash Management Agreement, the Issuer Corporate Services Agreement, the Loan Sale Agreement and the Master Definitions and Construction Schedule (as defined below) are available for inspection during normal business hours and upon request at the specified office of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of and definitions contained in the Note Trust Deed, the Agency Agreement, the Issuer Security Documents, the Cash Management Agreement, the Issuer Corporate Services Agreement, the Loan Sale Agreement, the Share Declaration of Trust, and a master definitions and construction schedule dated the Closing Date and signed for identification purposes only by each of the Issuer, the Sellers, the Cash Manager, the Operating Bank, the Agent Bank, the Principal Paying Agent, the Note Trustee, the Issuer Security Trustee and the Issuer Corporate Services Provider (the "**Master Definitions and Construction Schedule**", which expression includes such master definitions and construction schedule as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified).

The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 24 August 2015.

Certain Defined Terms

Capitalised terms used and not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule.

"Appointee" means the Note Trustee and the Issuer Security Trustee (and, in each case, including any attorney, agent, manager, delegate, nominee or other person appointed by the Note Trustee under the Note Trust Deed or any receiver, agent, delegate, nominee, custodian or other person appointed by the Issuer Security Trustee under the Deed of Charge and Assignment).

"Borrower" means the GREP London Portfolio II Trustee 1 Limited, a company incorporated in Jersey with registered number 117904 and GREP London Portfolio II Trustee 2 Limited, a company incorporated in Jersey with registered number 117905, both of 22 Grenville Street, St Helier, Jersey JE4 8PX in their capacity as joint trustees of GS London Portfolio II Unit Trust, a unit trust constituted under the laws of Jersey.

"Break Costs" means the breakage costs payable to the Issuer corresponding to the Issuer's interest in the Loan repaid or prepaid on an Intra-Loan Interest Payment Date provided that the Noteholder Representative has provided a break cost determination to the Facility Agent in accordance with the provisions relating to break costs set out in the Senior Facility Agreement.

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are open for business in London, Dublin, St Helier and New York.

"Cash Manager" means Elavon Financial Services Limited, UK Branch, whose address is at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

"Cash Management Agreement" means the cash management agreement entered into between, among others, the Cash Manager, the Operating Bank, the Issuer Security Trustee and the Issuer on the Closing Date.

"Closing Date" means 24 September 2015.

"Default Interest" means, with respect to any unpaid sums which an Obligor fails to pay under a Finance Document, the interest accrued and payable by an Obligor to the Facility Agent on any such overdue amount as calculated in accordance with the default interest provisions of the Senior Facility Agreement.

"Distribution Date" has the meaning given to it in Condition 5(b) (*Distribution Dates and Interest Periods*).

"Expected Maturity Date" means the Distribution Date falling on 21 May 2020.

"Extraordinary Resolution" in respect of the Noteholders means:

- (i) a resolution passed at a duly convened meeting of the Noteholders and held in accordance with the provisions of the Note Trust Deed by holders consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by holders consisting of not less than 75 per cent. of the votes cast on such poll; or
- (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate Principal Amount Outstanding of the Notes which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Condition 12 (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) of the Notes in relation to the Negative Consent process) an Extraordinary Resolution (other than in respect of a Basic Terms Modification, the waiver of any Note Event of Default, the acceleration of the Notes or the enforcement of the Issuer Security) will be deemed to have been passed unless 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes have informed the Note Trustee in the prescribed manner of their objection to such Extraordinary Resolution within 15 days after the date on which a notice containing the text of such Extraordinary Resolution which acts as an invitation to Noteholders to object to that Extraordinary Resolution and details the manner in which such objections should be made has been given to the Noteholders in accordance with the provisions of Condition 15 (*Notice to and Communication between Noteholders*) provided that any such notice shall in all cases also be

delivered through the systems of Bloomberg L.P. (or such other medium as may be approved in writing by the Note Trustee) by the Issuer, the Note Trustee or the Cash Manager and for so long as the Notes are listed in the Irish Stock Exchange, by making it available to any Regulatory Information Service maintained by the Irish Stock Exchange.

“Facility Agent” means Mount Street Mortgage Servicing Limited.

“Final Maturity Date” means the Distribution Date falling on 22 May 2023.

“Finance Documents” mean:

- (i) the Senior Facility Agreement;
- (ii) each fee letter;
- (iii) the margin letter;
- (iv) each duty of care agreement;
- (v) each Transfer Certificate;
- (vi) each assignment agreement;
- (vii) each utilisation request;
- (viii) the subordination agreement;
- (ix) each subordinated creditor accession deed;
- (x) each transaction security document;
- (xi) the reports side letter; and
- (xii) any other document designated as a finance document by the Facility Agent (acting on the instructions of the Majority Lenders (as defined in the Senior Facility Agreement)) and the Borrower.

“Irish Excluded Assets” means the Issuer Corporate Services Agreement and the Issuer Profit Account.

“Issuer Assets” means the Loan and the Issuer's interest in the Related Security and all monies derived therefrom from time to time, all of which will be sold and transferred to the Issuer on the Closing Date pursuant to the Loan Sale Agreement.

“Issuer Corporate Services Agreement” means the issuer corporate services agreement entered into between, among others, the Issuer and the Issuer Corporate Services Provider on or prior to the Closing Date.

“Issuer Corporate Services Provider” means Structured Finance Management (Ireland) Limited, whose address is at 1 Grant's Row, Lower Mount Street, Dublin 2, Ireland.

“Issuer Profit Account” means the bank account of the Issuer in which the Issuer's share capital and any transaction fees paid to the Issuer are deposited which at the Closing Date will be held in Ireland with Barclays Bank PLC.

“Issuer Profit Amount” means the payment on each Payment Date of £250, subject always to an aggregate maximum amount of £1,000 per annum to the Issuer, as a fee for entering into the transaction, to be credited to the Issuer Profit Account in accordance with the Pre-Enforcement Revenue Priority of Payments.

“Issuer Related Parties” means each of the Note Trustee, the Issuer Security Trustee, any Appointee, the Cash Manager, the Operating Bank, the Agent Bank, the Principal Paying Agent, the Registrar, the Issuer Corporate Services Provider and any other Paying Agent.

“Issuer Transaction Account” means the account opened and maintained by the Operating Bank.

“Issuer Transaction Documents” means the following documents and any amendments, novations and supplements thereto from time to time:

- (i) the Note Trust Deed;
- (ii) the Loan Sale Agreement;
- (iii) the Deed of Charge and Assignment;
- (iv) the Cash Management Agreement;
- (v) the Issuer Corporate Services Agreement;
- (vi) the Agency Agreement;
- (vii) a letter agreement entered into between among others, the Facility Agent, the Security Agent and the Note Trustee;
- (viii) the Master Definitions and Construction Schedule; and
- (ix) any other agreement, instrument or deed designated as such by the Issuer, the Note Trustee and the Issuer Security Trustee.

“LIBOR” means, in relation to the Whole Loan:

- (a) the applicable London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for sterling for the relevant period, displayed (before any correction, recalculation or republication by the administrator) on page LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or the appropriate page of such other information service which publishes the rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Facility Agent may specify another page or service displaying the relevant rate after consultation with the Borrower (the **“Screen Rate”**) as of the “specified time” under the Senior Facility Agreement and for a period equal to the Loan Interest Period; or
- (b) if no Screen Rate is available for LIBOR for the Loan Interest Period is available, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:
 - (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Loan Interest Period; and
 - (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Loan Interest Period,each as of the “specified time” under the Senior Facility Agreement on the Loan Quotation Day for the currency; or
- (c) if no Screen Rate is available for LIBOR for sterling or for the Loan Interest Period and it is not possible to calculate the Interpolated Screen Rate, the Reference Bank Rate as of the “specified time” and for a period equal in length to the Loan Interest Period.

“Loan” means a £100,000,000 *pari passu* tranche of a £390,000,000 loan.

“Loan Commitment” means:

- (a) in relation to the Original Lender, the amount specified as such in the Senior Facility Agreement and the amount of any other commitment transferred to it in accordance with the Senior Facility Agreement; and
- (b) in relation to any other Lender, the amount of any commitment transferred to it in accordance with the Senior Facility Agreement,

to the extent not cancelled, reduced or transferred by it to it in accordance with the Senior Facility Agreement.

"Loan Interest Payment Date" means, in relation to the Whole Loan, 20 February, 20 May, 20 August and 20 November in each year and the Loan Maturity Date, with the first Loan Interest Payment Date being 20 August 2015. If, however, any such day is not a Business Day, the Loan Interest Payment Date will instead be the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

"Loan Interest Period" means:

- (a) in relation to the Whole Loan, each interest period beginning on the day following a Loan Interest Payment Date and ending on the next Loan Interest Payment Date; and
- (b) in relation to a Loan Unpaid Sum, the period beginning from the due date of such Loan Unpaid Sum up to the date of actual payment (both before and after judgment) at a rate which is two per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a loan in the currency of the overdue amount for successive Loan Interest Periods, each of a duration selected by the Facility Agent (acting reasonably), save that if any overdue amount consists of all or part of the Whole Loan which became due on a day which was not the last day of a Loan Interest Period:
 - (iii) the first Loan Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Loan Interest Period; and
 - (iv) the rate of interest applying to the overdue amount during that first Loan Interest Period shall be two per cent. per annum higher than the rate which would have applied if the overdue amount had not become due.

"Loan Level Information" means, each of the following items of information:

- (i) a compliance certificate delivered by the Borrower to the Facility Agent setting out the minimum interest coverage ratio, loan to value ratio and other financial ratio covenant compliance of the Whole Loan calculated in accordance with the methodologies for determining compliance with the related covenants and provisions pursuant to the Senior Facility Agreement;
- (ii) a quarterly property report prepared for the Noteholders' purposes, the form of which is set out in Appendix 2 (the *Noteholder Quarterly Property Report*); and
- (iii) to the extent deliverable by the Borrower on or prior to a particular Loan Interest Payment Date, all other information provided by the Borrower pursuant to the information covenants contained in the Senior Facility Agreement.

"Loan Level Matters" means one or more of the following (and each a **"Loan Level Matter"**):

- (i) the exercise of any rights, powers and discretions of the Issuer in relation to the Loan and the Related Security that can only be exercised by a lender of record of the Loan or a beneficial owner of the Related Security; or
- (ii) any rights of consultation relating to the administration of the Loan (to the extent that the Issuer as lender of record has a corresponding consultation right under the Senior Facility Agreement or the Finance Documents).

"Loan Maturity Date" means:

- (a) if no extension option is exercised by the Borrower under the Senior Facility Agreement, the Loan Interest Payment Date falling three years from the date on which the loan advanced under the Senior Facility Agreement is utilised (the **"Initial Loan Maturity Date"**);

- (b) if one 12 month extension option is exercised by the Borrower under the Senior Facility Agreement, the Loan Interest Payment Date falling 12 months after the Initial Loan Maturity Date, subject to the conditions set out in the Senior Facility Agreement; and
- (c) if a second 12 month extension option is exercised by the Borrower under the Senior Facility Agreement, the Loan Interest Payment Date falling 24 months after the Initial Loan Maturity Date, subject to the conditions set out in the Senior Facility Agreement

“Loan Quotation Day” means, in relation to any period for which an interest rate is to be determined, the first day of that period unless market practice differs in the London interbank market in which case the Loan Quotation Day will be determined by the Agent in accordance with market practice in the London interbank market (and if quotations would normally be given by leading banks in the London interbank market on more than one day, the Loan Quotation Day will be the last of those days).

“Loan Unpaid Sum” means any sum due and payable by an Obligor but unpaid under the Finance Documents.

“Loan Reference Bank” means each of the principal London offices of The Royal Bank of Scotland plc, Lloyds Bank plc, JP Morgan and HSBC Bank plc or such other bank entities as may be appointed by the Facility Agent in consultation with the Borrower.

“Loan Reference Bank Rate” means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request by the Loan Reference Banks:

- (a) (other than where paragraph (b) below applies) as the rate at which the relevant Loan Reference Bank could borrow funds in the London interbank market in sterling for the relevant period were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period; or
- (b) if different, as the rate (if any and applied to the relevant Loan Reference Bank and the relevant currency and period) which contributors to the Screen Rate are asked to submit to the relevant administrator.

“Loan Sale Agreement” means the loan sale agreement entered into between, the Issuer, the Issuer Security Trustee, the Facility Agent, the Cash Manager, the Agent Bank and the Sellers on the Closing Date.

“Operating Bank” means Elavon Financial Services Limited, UK Branch, whose address is at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

“Margin” means, 1.70 per cent. per annum.

“Noteholder Representative” means the representative appointed by the Noteholders acting by a Written Ordinary Resolution.

“Obligors” means each of the borrower and guarantors in respect of the Loan.

“Ordinary Resolution” in respect of the Noteholders means:

- (i) a resolution passed at a duly convened meeting of the Noteholders and held in accordance with the provisions of the Note Trust Deed by holders consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a holders consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (ii) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. in aggregate Principal Amount Outstanding of the Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Condition 12 (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) of the Notes in relation to the Negative Consent process) an Ordinary Resolution will be deemed to have been passed unless 50.1 per cent. or more in aggregate Principal Amount Outstanding of the Notes have informed the Note Trustee in the prescribed manner of their objection to such Ordinary Resolution within 15 days after the date on which a notice containing the text of such Ordinary Resolution which acts as an invitation to Noteholders to object to that Ordinary Resolution and details the manner in which such objections should be made has been given to such Noteholders in accordance with the

provisions of Condition 15 (*Notice to and Communication between Noteholders*) provided that any such notice shall in all cases also be delivered through the systems of Bloomberg L.P. (or such other medium as may be approved in writing by the Note Trustee) by the Issuer, the Note Trustee or the Cash Manager and for so long as the Notes are listed in the Irish Stock Exchange, by making it available to any Regulatory Information Service maintained by the Irish Stock Exchange.

“Originator” means Citibank, N.A., London Branch.

“Principal Receipts” means: the Issuer's principal receipts comprising on any day, all payments and repayments of principal received or recovered by or on behalf of the Issuer in connection with the Loan, and standing to the credit of the Issuer Transaction Account, including, without limitation all amounts received or recovered by or on behalf of the Issuer in respect of:

- (i) amounts recovered which are applied towards the reduction of outstanding principal as a result of actions taken in accordance with the enforcement procedures in respect of the Loan and/or the Related Security;
- (ii) any mandatory prepayment amounts of a principal nature as a result of: illegality, mandatory prepayment from insurance proceeds or recovery claims, disposals, expropriation proceeds, change of control, a cash trap event or a cure payment or, replacement or repayment and cancellation in relation to a single lender or the occurrence of any other mandatory prepayment event following which amounts are allocated towards the prepayment of principal on the Loan, subject to, in each case, the conditions set out in the Senior Facility Agreement;
- (iii) payments received by or on behalf of the Issuer as a result of an indemnity payment from or the repurchase of the Loan by the Sellers pursuant to the Loan Sale Agreement which, in each case, do not constitute Revenue Receipts;
- (iv) voluntary repayments or prepayments in respect of the principal outstanding under the Loan made on notice in accordance with the Senior Facility Agreement; and
- (v) any repayments or prepayments made by or on behalf of the Borrower in connection with a restructuring of the Senior Facility Agreement or as a condition to any waiver of an Event of Default under the Senior Facility Agreement,

provided that all amounts recorded in the Issuer Profit Account shall not form part of the Principal Receipts, or be applied in accordance with the applicable Issuer Priority of Payments.

“Related Security” means all right, title and interest of the Sellers or all rights, title and interest of the Issuer following the execution of the Loan Sale Agreement, present and future, in, to and under the Transaction Security Documents and any other security agreements as they relate to the Loan.

“Sellers” mean Citibank, N.A., London Branch and Lloyds Bank plc.

“Sponsor Affiliate” means a Sponsor, each of its Affiliates, any trust of which a Sponsor or any of its Affiliates is a trustee, any partnership of which a Sponsor or any of its Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, a Sponsor or any of its affiliates provided that any such trust, fund or other entity which has been established for at least 6 months solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by a Sponsor or any of its Affiliates which have been established for the primary or main purpose of investing in the share capital of companies shall not constitute a Sponsor Affiliate.

“Stripped and Accrued Interest Payment” means in addition to the initial purchase price, the following amounts to each Seller in proportion to each Seller's share of the initial purchase price, each Seller's respective share being set out in the Loan Sale Agreement:

- (i) the first Distribution Date falling in November 2015 only, accrued but unpaid interest or fees on the Loan up to (and excluding) one Business Day prior to the Closing Date; and

- (ii) each Distribution Date, any surplus available funds following the prior application of such available funds sequentially:
 - (a) prior to the service of a Note Acceleration Notice, in accordance with paragraphs (a) to (f) of the Pre-Enforcement Revenue Priority of Payments; and
 - (b) following the service of a Note Acceleration Notice, in accordance with paragraphs (a) to (f) of the Post Enforcement Priority of Payments.

"Whole Loan" means the £390,000,000 whole Loan originated by the Originator under the Senior Facility Agreement.

"Written Ordinary Resolution" means a resolution in writing signed by Noteholders holding in aggregate not less than 50.1 per cent. of the Principal Amount Outstanding of the Notes which resolution may be constrained in one document or in several documents in like form each signed by or on behalf of one or more of such holders.

1. **Global Note**

(a) **Form**

The Notes will be represented by a Global Note in registered form without coupons or talons attached and which will represent the aggregate principal amount outstanding of the Notes. On the Closing Date, the Global Note will be deposited on behalf of the subscribers of the Notes with and registered in the name of a nominee for the Common Depositary. Upon deposit of the Global Note, Euroclear or Clearstream, Luxembourg, as applicable, will credit the account of the holders of Book-Entry Interests with the principal amount of Notes for which it has subscribed and paid.

For so long as the Notes are represented by the Global Note, interests in the Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

The Global Note shall be tradable only in minimum denominations of £1,000,000 and integral multiples of £1,000 thereafter.

(b) **Title to the Global Note**

Ownership of beneficial interests or Book-Entry Interests in the Global Note will be shown on, and transfers of beneficial interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their participants) and on the records of participants (with respect to the interests of their participants).

Title to the Notes will pass upon registration of transfers in the register (the **"Register"**) which the Issuer will cause to be kept by the Registrar at its specified office outside of the United Kingdom. The person in whose name a Note is registered at that time in the Register will, to the fullest extent permitted by applicable law, be deemed and be treated as the absolute owner of such Note by all persons and for all purposes regardless of any notice to the contrary, any notice of ownership, theft or loss, or of any trust or other interest in that Note or of any writing on that Note (other than the endorsed form of transfer).

No transfer of a Note will be valid unless and until entered on the Register. Transfers and exchanges of beneficial interests in the Global Note and entries on the Register relating to the Notes will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Agency Agreement, the Note Trust Deed and the relevant legends appearing on the face of the Notes (such regulations and legends being the **"Transfer Regulations"**). Each transfer or purported transfer of a beneficial interest in the Global Note or a Definitive Note made in violation of the Transfer Regulations shall be void *ab initio* and will not be honoured by the Issuer or the Note Trustee. The Transfer Regulations may be changed by the Issuer with the prior written approval of the Note Trustee, acting in accordance with the provisions of Condition 12(d)(i) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination*

of Issuer Related Parties). A copy of the current Transfer Regulations will be sent by the Registrar to any holder of a Note who so requests and by the Principal Paying Agent to any holder of a Note who so requests, at the cost of the relevant Noteholder making such request.

Ownership of interests in respect of the Global Note (the "**Book-Entry Interests**") will be limited to persons who have accounts with Euroclear and/or Clearstream, Luxembourg or persons who hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear Bank S.A./N.V. ("**Euroclear**", which term shall include any successor operator of the Euroclear System) and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**", which term shall include any successor thereto) and their participants. Beneficial interests in the Global Note may not be held by a U.S. Person (as defined in Regulation S under the Securities Act) at any time.

2. **Definitive Notes**

(a) **Issue of Definitive Notes**

The Global Note will be exchanged for definitive Notes in registered form ("**Definitive Notes**") in an aggregate principal amount equal to the Principal Amount Outstanding (as defined in Condition 6(d) (*Principal Amount Outstanding*)) of the Global Note only if, 40 days or more after the Closing Date, any of the following circumstances apply:

- (i) in the case of the Global Note held by the Common Depositary (or its nominee) for their account, either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system acceptable to the Note Trustee is in existence; or
- (ii) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any other jurisdiction or any political sub-division thereof or of any authority therein or thereof having the power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form.

If Definitive Notes are issued in accordance with the Note Trust Deed, the Book-Entry Interests represented by the Global Note shall be exchanged by the Issuer for Definitive Notes. The Definitive Notes will be issued in registered form only.

Definitive Notes, if issued, will be available at the offices of any Paying Agent.

If the Issuer fails to meet obligations to issue Notes in definitive form in exchange for the Global Note, then the Global Note shall remain in full force and effect.

(b) **Title to and Transfer of Definitive Notes**

Title to a Definitive Note will pass upon registration in the Register. Each Definitive Note will have a minimum denomination of £1,000,000 and will be serially numbered. A Definitive Note may be transferred in whole or in part provided that any partial transfer relates to a minimum denomination of at least £1,000,000 and integral multiples in excess thereof of £1,000 upon surrender of such Definitive Note, at the specified office of the Registrar. In the case of a transfer of part only of a Definitive Note, a new Definitive Note in respect of the balance not transferred will be issued to the transferor. All transfers of Definitive Notes are subject to any restrictions on transfer set forth in such Definitive Notes and the Transfer Regulations.

Each new Definitive Note to be issued upon the transfer, in whole or in part, of a Definitive Note will, within five Business Days (as defined in Condition 5(c) (*Rate of Interest*)) of receipt of the Definitive Note to be transferred, in whole or in part, (duly endorsed for transfer) at the specified office of the

Registrar, be available for delivery at the specified office of the Registrar or be posted at the risk of the holder entitled to such new Definitive Note to such address as may be specified in the form of transfer.

Registration of a Definitive Note on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other government charges which may be imposed in relation to it and, only if the relevant Definitive Note is presented or surrendered for transfer and endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by the transferor Noteholder (or his attorney duly authorised in writing) and upon receipt of such certificates and other documents as shall be necessary to evidence compliance with the restrictions on transfer contained in the relevant Definitive Note, the Note Trust Deed and the Agency Agreement.

No transfer of a Definitive Note will be registered in the period beginning 15 Business Days before, or ending on the fifth Business Day after, each Distribution Date.

For the purposes of these Conditions:

- (i) the **"holder"** of a Note or **"Noteholder"** means the several persons who are for the time being holders of the Notes (being the several persons whose names are entered in the register of holders of the Notes as holders thereof) save that, for so long as the Notes or any part thereof are represented by the Global Note deposited with a common depositary for Euroclear and Clearstream, Luxembourg or, in respect of Notes in definitive form held in an account with Euroclear or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) as the holder of a particular nominal amount of the Notes shall be deemed to be the holder of such nominal amount of such Notes (and the holder of the Global Note shall be deemed not to be the holder) for all purposes of the Note Trust Deed and the Agency Agreement other than with respect to the payment of principal or interest on such nominal amount of such Notes, the rights to which shall be vested, as against the Issuer and the Note Trustee, solely in such common depositary and for which purpose such common depositary shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to its terms and the provisions of the Note Trust Deed and the Agency Agreement, and the words **"holder"** and **"holders"** and related expressions shall (where appropriate) be construed accordingly; and
- (ii) references herein to **"Notes"** shall include the Global Note and the Definitive Notes.

3. **Status, Security and Priority**

(a) **Status and Relationship among the Notes**

- (i) The Notes constitute direct, limited recourse and secured obligations of the Issuer and are secured by the Issuer Security (as more particularly described in Condition 3(b) below). The Notes rank *pari passu* and without preference or priority among themselves as to payments on interest, principal and other amounts at all times.
- (ii) The Note Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Noteholders but not to the interests of any other Issuer Secured Creditor for as long as the Notes are outstanding as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee. Accordingly, if, in the opinion of the Note Trustee, there is a conflict between the interests of the Noteholders on the one hand and the interests of the other Issuer Secured Creditors on the other hand, the Note Trustee shall have regard only to the interests of the Noteholders.
- (iii) Nothing in the Note Trust Deed or the Notes shall be construed as giving rise to any relationship of agency or partnership between the Noteholders and any other person and each Noteholder shall be acting entirely for its own account in exercising its rights under the Note Trust Deed or the Notes.

(b) **Security and Priority of Payments**

The security interests granted in respect of the Notes are set out in the Deed of Charge and Assignment governed by English law which will be entered into on the Closing Date.

Pursuant to the Issuer Security Documents, the Issuer will grant the Issuer Security in favour of the Issuer Security Trustee for itself and on trust for the Noteholders and the Issuer Related Parties (the Issuer Security Trustee and all of the Issuer Related Parties and, including the Noteholders, being collectively, the "**Issuer Secured Creditors**").

Pursuant to the Deed of Charge and Assignment, the Issuer with full title guarantee has created the following security in favour of the Issuer Security Trustee for itself and on trust for the other Issuer Secured Creditors:

- (i) a first fixed charge over the Issuer's rights, title, interest and benefit, present and future in, to and under the Loan and the Related Security;
- (ii) an assignment by way of first-ranking security of the Issuer's rights, title, interest and benefit, present and future, in, to and under, among other things, the Issuer Transaction Documents (other than the Issuer Corporate Services Agreement), all other contracts, agreements, deeds and documents present and future, to which the Issuer is or may become a party or have the benefit, including all reports, valuations and opinions (other than any Issuer Security Document);
- (iii) a first fixed charge over the Issuer's rights, title, interest and benefit, present and future, in, to and under the Issuer Transaction Account and any other bank account in England and Wales and in which the Issuer may at any time acquire any right, title, interest or benefit or otherwise place and hold its cash, and in the funds from time to time standing to the credit of such accounts and in the debts represented thereby (excluding the amounts recorded in the Issuer Profit Account); and
- (iv) a first-ranking floating charge governed by English law over the whole of the undertaking and assets of the Issuer, present and future (other than the fixed charges and assignments set out in paragraphs (i) to (iii) above and excluding the Irish Excluded Assets) (such floating charge collectively with (i), (ii), and (iii)) above, the "**Issuer Security**").

The Deed of Charge and Assignment contains provisions regulating the priority of application of the Issuer Security (and the proceeds thereof) by the Cash Manager among the persons entitled thereto prior to the service of a Note Acceleration Notice or the Issuer Security otherwise becoming enforceable. The Deed of Charge and Assignment contains provisions regulating such application by the Issuer Security Trustee after the service of a Note Acceleration Notice or the Issuer Security becoming otherwise enforceable.

If the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Issuer Security Trustee will not be entitled to dispose of the undertaking, property or assets secured under the Issuer Security or any part thereof or otherwise realise the Issuer Security unless (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Deed of Charge and Assignment to be paid *pari passu* with, or in priority to, the Notes or (ii) the Issuer Security Trustee is of the opinion, which shall be binding on the Noteholders and the Issuer Related Parties, reached after considering at any time and from time to time the advice of such professional advisors as are selected by the Issuer Security Trustee (at the cost of the Issuer), upon which the Issuer Security Trustee shall be entitled to rely absolutely and without liability, that the cashflow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and any amounts required under the Deed of Charge and Assignment to be paid *pari passu* with, or in priority to, the Notes, or (iii) the Issuer Security Trustee considers, in its sole discretion, that not to effect such disposal or realisation would place the Issuer Security in jeopardy, and, in any event, the Issuer Security Trustee has been indemnified and/or secured and/or pre-funded to its satisfaction, provided that, this restriction will not affect the ability of the Issuer Security Trustee to enforce the

security in respect of the Issuer, by appointing an administrative receiver, if it has actual notice of either: (i) an application for the appointment of an administrator; or (ii) the giving of a notice of intention to appoint an administrator, in respect of the Issuer, such appointment of an administrative receiver to take effect upon the final day by which the appointment of an administrative receiver must be made in order to prevent an administration proceeding or (where the Issuer or the directors of the Issuer have initiated the administration) not later than that final day, as required pursuant to, but subject to the provisions of Condition 11 (*Enforcement*).

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes, the other assets of the Issuer (including its share capital and the amounts standing to the credit of the Issuer Profit Account in accordance with the Issuer Transaction Documents) will not be available for payment of any shortfall arising therefrom, and any such shortfall will be borne among the Issuer Secured Creditors and amongst the Noteholders as provided in these Conditions and the Deed of Charge and Assignment. All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished and the Issuer Security Trustee, the Note Trustee, the Noteholders and the other Issuer Secured Creditors will have no further claim against the Issuer in respect of such unpaid amounts.

Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that:

- (A) in the event of realisation or enforcement of the Issuer Security, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the undertaking, property and assets of the Issuer comprised in the Issuer Security;
- (B) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Issuer Security in accordance with the payment priorities of the Deed of Charge and Assignment and all claims in respect of any shortfall will be extinguished and discharged; and
- (C) in the event that a shortfall in the amount available to pay principal of the Notes exists on the Distribution Date falling on the Final Maturity Date or on any earlier date for redemption in full of the Notes, after payment on the Final Maturity Date or such date of earlier redemption in full of all other claims ranking higher in priority to or *pari passu* with the Notes, and the Issuer Security has not become enforceable as at the Final Maturity Date or such date of earlier redemption, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

4. **Covenants**

(a) **Restrictions**

Save with the prior written consent of the Note Trustee or unless otherwise provided in or envisaged by these Conditions or the Issuer Transaction Documents, the Issuer shall, so long as any Note remains outstanding:

(i) **Negative Pledge**

not create or permit to subsist any mortgage, sub-mortgage, standard security, assignment, assignation, charge, sub-charge, pledge, lien (unless arising by operation of law), hypothecation, assignment by way of security or any other security interest whatsoever over any of its assets, present or future, (including any uncalled capital);

(ii) **Restrictions on Activities**

- (A) not engage in any business other than the holding, managing or both the holding and managing, in each case in Ireland, of "qualifying assets" within the meaning of Section 110 of the Taxes Consolidation Act 1997 of Ireland ("**TCA**") and activities ancillary thereto and in connection therewith the Issuer shall not engage in any activity whatsoever which is not incidental to or necessary in connection with any of

the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

- (B) not amend, supplement or otherwise modify its memorandum or articles of association or other constitutive documents;
- (C) not engage, or permit any of its affiliates, to engage, in any activities in the United States (directly or through agents), derive, or permit any of its affiliates to derive, any income from sources within the United States as determined under United States federal income tax principles, and hold, or permit any of its affiliates to hold, the Property that would cause it or any of its affiliates to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States federal income tax principles;
- (D) not enter into any transaction or arrangement otherwise than by way of bargain made at arm's length;
- (E) not have any subsidiaries (as defined in the Companies Act 2014), any subsidiary undertakings (as defined in the Companies Act 2014) or any employees or own, rent, lease or be in possession of any buildings or equipment;
- (F) not amend, supplement or otherwise modify its memorandum or articles of association or other constitutional documents; or
- (G) not enter into any transaction or arrangement otherwise than by way of bargain made at arm's length;

(iii) **VAT**

not apply to become part of any group for the purposes of section 15 of the Value Added Tax Consolidation Act 2010 with any other company or group of companies;

(iv) **Disposal of Assets**

not transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein other than as expressly contemplated by the Issuer Transaction Documents, provided that the Issuer shall have the right to sell or agree to the sale of the Issuer Assets if:

- (A) such sale, realisation or disposal is made with the prior written consent of the Issuer Security Trustee;
- (B) in the case of a sale, realisation or disposal of part only of the Issuer Assets, such sale, realisation or disposal is being made only for the purposes of, and in connection with, a redemption of the Notes pursuant to Condition 6 (*Redemption and Cancellation*);
- (C) such sale, realisation or disposal is made for an amount which is not less than the aggregate outstanding principal amount of the Issuer Assets disposed of; and
- (D) the amount which would be payable to the Issuer from such sale, realisation or disposal would be sufficient, after deducting any costs and expenses incurred by the Issuer or the Issuer Security Trustee in connection with such sale, realisation or disposal, to enable the Issuer to pay or discharge all of its secured obligations in full;

(v) **Dividends or Distributions**

not pay any dividend or make any other distribution to its shareholders or issue any further shares;

(vi) **Borrowings**

not incur or permit to subsist any indebtedness in respect of borrowed money whatsoever, except in respect of the Notes or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(vii) **Merger**

not consolidate or merge with any other person or convey or transfer all or substantially all of its property or assets to any other person;

(viii) **Variation**

not permit any of the Issuer Transaction Documents to become invalid or ineffective, or the priority of the security interests created or evidenced thereby to be reduced, amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of the Note Trust Deed, these Conditions, the Issuer Security Documents or any of the other Issuer Transaction Documents, or permit any party to any of the Issuer Transaction Documents or the Issuer Security or any other person whose obligations form part of the Issuer Security to be released from such obligations or dispose of all or any part of the Issuer Security;

(ix) **Bank Accounts**

not have an interest in any bank account other than the Issuer Transaction Account and the Issuer Profit Account, unless such account or interest therein is charged or security is otherwise provided to the Issuer Security Trustee on terms acceptable to it;

(x) **Section 110 – Qualifying Assets**

- (a) ensure that the first assets to be acquired, or in respect of which legally enforceable arrangements are to be entered into, by the Issuer are "qualifying assets" as defined by Section 110 of the TCA and that they have a market value of at least €10,000,000 on the day that they are first acquired, or on the date on which such legally enforceable arrangements are entered into;
- (b) ensure that prior to the earlier to occur of the acquisition of the assets described in (A) above or the entry into the legally enforceable arrangements described in (A) above, the Issuer has not transacted any business;
- (c) not own assets other than those representing its share capital, the proceeds of the Issuer Profit Amount and any interest thereon, the funds arising from the issue of the Notes, the property, rights and assets secured by the Issuer Security and associated and ancillary rights and interests thereto, the benefit of the Transaction Documents and any investments and other rights or interests created or acquired thereunder, as all of the same may vary from time to time.

(xi) **Equitable Interest**

not permit any person other than the Issuer Security Trustee to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein except as otherwise provided for in the Issuer Transaction Documents;

(xii) **U.S. Activities**

not engage, or permit any of its affiliates, to engage, in any activities in the United States (directly or through agents), derive, or permit any of its affiliates to derive, any income from sources within the United States as determined under United States federal income tax principles, and hold, or permit any of its affiliates to hold, the Properties that would cause it or any of its affiliates to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States federal income tax principles;

(xiii) **Purchase of Notes**

not purchase any of the Notes;

(xiv) **Residence**

(A) maintain its central management and control and its place of effective management only in Ireland and in particular shall not be treated under any of the double taxation treaties entered into by Ireland as resident in any other jurisdiction nor shall the Issuer have a permanent establishment or a branch or agency in any jurisdiction other than Ireland under the laws or guidelines of any jurisdiction other than Ireland;

(B) conduct its affairs in accordance with its memorandum and articles of association from within Ireland, all the directors of the Issuer are and shall remain Irish tax resident, all the directors of the Issuer shall exercise their control over the business of the Issuer independently and all meetings of the directors shall be held in Ireland and all the directors of the Issuer (acting independently) shall exercise their authority only from and within Ireland by taking all key decisions relating to the Issuer in Ireland;

(xv) **Centre of Main Interests**

not knowingly take any action (save to the extent necessary for the Issuer to comply with its obligations under the Issuer Transaction Documents) which will cause its “centre of main interests” (within the meaning of European Council Regulation No. 1346/2000 on Insolvency Proceedings (the “**Insolvency Regulations**”)) to be located in any jurisdiction other than Ireland and it will not establish any offices, branches or other establishments (as defined in the Insolvency Regulations) or register as a company in any jurisdiction other than Ireland;

(xvi) **Qualifying Company**

not prejudice its status as a qualifying company within the meaning of Section 110 of the TCA or make an election pursuant to Sub-Section 6(b) of that Section;

(xvii) **Independent Directors**

ensure that at all times all of its directors are independent of the Sellers, the Originator and the Obligor. Any of its direct or indirect shareholders or creditors or their respective affiliates;

(xviii) **Separate Accounts**

maintain its records, books of account and bank accounts separate and apart from those of any of its direct or indirect shareholders or creditors or their respective affiliates or any other person or entity and maintain such books and records in the ordinary course of its business;

(xix) **Separate Identity**

(A) correct any known misunderstandings regarding its separate identity from any of its members or any other person;

- (B) not fail to hold itself out to the public as a legal entity separate and distinct from any other person, fail to conduct its business solely in its own name, mislead others as to the identity with which such other party is transacting business; become responsible for, guarantee, or become obliged to pay the debts of any third party (including any of its members) or hold out credit as available to satisfy the obligations of others; fail to pay its own liabilities out of its funds;
- (C) not share any common logo with or hold itself out as or be considered as a department or division of (i) its shareholder(s), (ii) any of its general partners, principals, members or affiliates thereof, or (iii) any other person and maintain (if applicable) an arm's length relationship with its affiliates;
- (D) not have its assets listed on the accounts or financial statement of any other entity; or commingle its assets with those of any other person or entity;
- (E) use separate stationery, invoices, and cheques bearing its own name; and
- (F) not acquire obligations or securities of its own direct or indirect shareholders.

In giving any consent to the foregoing, the Note Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Note Trustee may deem expedient (in its absolute discretion) in the interests of the Noteholders.

(b) **Paying Agent**

The Issuer will provide the Paying Agents with copies of the Note Trust Deed, the Agency Agreement, the Issuer Security Documents and the other Issuer Transaction Documents, which will be available for inspection during normal business hours at the specified office for the time being of the Paying Agents.

(c) **Cash Manager**

So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a cash manager in respect of the monies from time to time standing to the credit of the Issuer Transaction Account and any other account of the Issuer from time to time. The Cash Manager will not be permitted to terminate its appointment unless a replacement cash manager has been appointed in accordance with the Cash Management Agreement.

5. **Interest**

(a) **Period of Accrual**

The Notes bear interest on their Principal Amount Outstanding from (and including) the Closing Date. The Notes (or, in the case of the redemption of part only of the Notes, that part only of the Notes) shall cease to bear interest from its due date for redemption unless, in the case of the Global Note, upon due presentation, or otherwise in the case of a Definitive Note, payment of the relevant amount of principal or any part thereof is improperly withheld or refused on the Global Note or any Definitive Note, as applicable.

Whenever it is necessary to compute an amount of interest for any period (including any Interest Period (as defined below)), such interest shall be calculated on the basis of actual days elapsed and a 365 day year.

(b) **Distribution Dates and Interest Periods**

Interest on the Notes is payable quarterly in arrear on the second Business Day immediately following each Loan Interest Payment Date occurring up to (and including) the Final Maturity Date (or, if any such day is not a Business Day, the next following Business Day unless such Business Day falls in the next following calendar month in which case the immediately preceding Business Day) (each, a "**Distribution Date**") in respect of the Interest Period ending immediately prior thereto. The first

Distribution Date in respect of the Notes will be the Distribution Date falling in November 2015 in respect of the period from (and including) the Closing Date and ending on the first Loan Interest Payment Date. The Expected Maturity Date and the Final Maturity Date will be deemed to be Distribution Dates.

In these Conditions, "**Interest Period**" shall mean, in respect of the payment of the first Interest Amount (as defined in Condition 5(e) (*Determination of Rate of Interest and Calculation of Interest Amounts for Notes*) below) on the Determination Date falling in November 2015, the period commencing on the Closing Date and ending on the Loan Interest Payment Date falling in November 2015 and each successive Interest Period shall start on the day after the last day of the immediately preceding Loan Interest Period for the Whole Loan and end on the next Loan Interest Payment Date except that, where an Interest Period would overrun the Expected Maturity Date or the Final Maturity Date, that Interest Period shall be shortened so that it ends on the Expected Maturity Date or the Final Maturity Date, as the case may be (or, if such date is not a Business Day, the immediately preceding Business Day).

(c) **Rate of Interest**

Rate of Interest

The rate of interest payable from time to time in respect of the Notes (the "**Rate of Interest**") will be determined by the Agent Bank on the basis of this Condition 5(c).

The Agent Bank will at, or as soon as practicable after, 11.00 a.m. (London time) on the first day of an Interest Period for which the rate will apply (each, an "**Interest Rate Determination Date**"), determine the Rate of Interest applicable to, and calculate the amount of interest payable on the Notes, for the Interest Period immediately following such Interest Rate Determination Date.

The Rate of Interest applicable to the Notes for any Interest Period will be equal to (A) LIBOR as determined in accordance with this Condition 5(c) plus (B), the Margin.

Rate of Interest for the first Interest Period

The Rate of Interest applicable to the Notes for the first Interest Period shall be determined by the Agent Bank on the Closing Date on the basis of the LIBOR rate then applicable to the Whole Loan. For the first Interest Period, LIBOR is the arithmetic mean of a linear interpolation of one-month and three-month LIBOR deposits.

Rate of Interest for each subsequent Interest Period

For the purposes of determining the Rate of Interest in respect of the Notes for each Interest Period occurring after the first Distribution Date in November 2015, the LIBOR component of the Rate of Interest will be equal to the LIBOR rate then applicable to the Whole Loan for the corresponding Loan Interest Period. If no LIBOR rate is able to be determined in respect of the Whole Loan, then the Cost of Funds Rate shall apply to the Whole Loan in its place.

If the Facility Agent fails to notify the Agent Bank of the LIBOR rate (which will include in respect of the Interest Period commencing prior to and following the Expected Maturity Date and the Interest Period commencing immediately prior to the Final Maturity Date the linear interpolation of the rates for one-month and two-month sterling deposits) applicable to the Whole Loan by 5.00 p.m. (London time) on the Business Day immediately following an Interest Rate Determination Date, then after that time the Agent Bank shall promptly request that the Facility Agent provides the Agent Bank with the LIBOR rate applicable to the Whole Loan. If the Facility Agent fails to respond to such a request by 5.00pm on the second Business Day immediately following an Interest Rate Determination Date then LIBOR for the purpose of calculating the Rate of Interest will be determined by the Agent Bank on the basis of the following provisions:

- (i) the Agent Bank will determine at or about 11.00 a.m. (London time) on the third Business Day immediately following an Interest Rate Determination Date, the interest rate for three month sterling deposits in the London inter-bank market which appears on the Reuters Screen

LIBOR01 or LIBOR02 Page (the "**LIBOR Screen Rate**") (or, in respect of the Interest Period commencing immediately prior to and following the Expected Maturity Date and the Interest Period commencing immediately prior to the Final Maturity Date, the arithmetic mean of a linear interpolation of the rates for one-month and two-month sterling LIBOR deposits) (or (i) such other page as may replace the Reuters screen LIBOR01 or LIBOR02 Page for the purpose of displaying such information or (ii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Note Trustee). in each case only after a request has been made by the Agent Bank to the Facility Agent to provide it with the page or service displaying the relevant rate as specified by the Facility Agent in accordance with the terms of the Senior Facility Agreement;

- (ii) if the LIBOR Screen Rate is not then available, and only after a request has been made by the Agent Bank to the Facility Agent to provide it with the arithmetic mean of the rates supplied to the Facility Agent by the relevant reference banks in accordance with the terms of the Senior Facility Agreement, the arithmetic mean (rounded upwards to four decimal places) of the rates notified to the Agent Bank at its request by each of three Reference Banks as the rate at which three month deposits in reasonable market size in sterling are offered for the same period as that Interest Period by those Reference Banks to prime banks in the London inter-bank market at or about 11.00 a.m. (London time) on that date (or, in respect of the Interest Period commencing immediately prior to and following the Expected Maturity Date and the Interest Period commencing immediately prior to the Final Maturity Date, the arithmetic mean of a linear interpolation of the rates for one-month and two-month sterling LIBOR deposits). If, on any such date, at least two of the Reference Banks provide such offered quotations to the Agent Bank the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Issuer for the purposes of agreeing one or, as the case may be, two additional bank(s) to provide such a quotation or quotations to the Agent Bank and the rate for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such Reference Bank and/or banks as so agreed. If no such bank or banks is or are so agreed or such bank or banks as so agreed does not or do not provide such a quotation or quotations, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded upwards to four decimal places) of the rates quoted by major banks in the London inter-bank market, selected by the Agent Bank (at its sole discretion), at approximately 11.00 a.m. (London time) on the relevant date, for Loans in sterling in reasonable market size to leading London banks for a period of three months. If the Rate of Interest cannot be determined in accordance with the above provisions, the Rate of Interest shall be determined as at the last preceding Interest Rate Determination Date.

If the rate of LIBOR calculated by the Agent Bank pursuant to this Condition 5(c) is less than zero, LIBOR will be deemed to be zero.

If at any time prior to a Distribution Date immediately following an Interest Rate Determination Date, the Agent Bank determines LIBOR for the purpose of calculating the Rate of Interest in accordance with this Condition 5(c), and the Facility Agent subsequently notifies the Agent Bank of the LIBOR rate then applicable to the Whole Loan, the Agent Bank shall apply the LIBOR component notified to it by the Facility Agent for the purpose of calculating the Rate of Interest then applicable to the Notes for the relevant Interest Period.

(d) **Default Interest**

Upon receipt of any Default Interest by the Issuer (the date on which the Default Interest is paid by the Obligors is referred to as the "**Default Interest Payment Date**"), the amount of Default Interest shall, on the Distribution Date on which the Default Interest Payment Date falls or if the Default Interest Payment Date does not fall on a Distribution Date, the Distribution Date immediately following the Default Interest Payment Date, be paid pursuant to this Condition 5(d) to the Notes in accordance with the applicable Issuer Priority of Payments.

(e) **Determination of Rate of Interest and Calculation of Interest Amounts for Notes**

The Agent Bank shall, on or as soon as practicable after each Interest Rate Determination Date, but in no event later than one Business Day prior to a Distribution Date, notify the Issuer, the Note Trustee, the Cash Manager, the Paying Agents and each of the clearing systems in writing of (i) the Rate of Interest applicable to the Interest Period immediately following such Interest Rate Determination Date, in respect of the Notes and (ii) the amount of interest (the "**Interest Amount**") payable, subject to Conditions 5(b) above, in respect of such Interest Period in respect of the Notes. Each Interest Amount in respect of the Notes shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Notes and multiplying such sum by the actual number of days in the relevant Interest Period divided by 365 and rounding the resultant figure downward to the nearest pence.

(f) **Prepayment Fees**

If the Issuer receives any prepayment fees due to it under the Senior Facility Agreement, an amount equal to such prepayment fees (the "**Note Prepayment Fees**") will be payable on the Notes. The aggregate of the Note Prepayment Fees will be apportioned between the Notes on a *pro rata* and *pari passu* basis.

(g) **Adjusted Interest on account of Loan payments**

- (i) If the Issuer receives payments under the Senior Facility Agreement on account of a repayment or prepayment of all or part of the Loan or any unpaid sum (a "**Prepaid Amount**") on any date other than a Loan Interest Payment Date (excluding any payments received on the Expected Maturity Date and the Final Maturity Date) (such date referred to as an "**Intra-Loan Interest Payment Date**") the Interest Amount payable on the Notes on the immediately following Distribution Date shall be calculated by the Agent Bank as follows:

$$(A + B) - C$$

(the "**Adjusted Interest Amount**")

Where:

A = the Interest Amount as calculated in accordance with Condition 5(e) above.

B = Break Costs (if any).

C = LIBOR and Margin on the Prepaid Amount, which would have accrued, for the period from (but excluding) the Intra-Loan Payment Date up to (and including) the last date of the then applicable Interest Period but for the repayment or prepayment referred to in this Condition 5(g)(i).

The positive difference between the Interest Amount that would be payable on the Notes on the immediately following Distribution Date but for the repayment or prepayment referred to in Condition 5(g)(i) above and the Adjusted Interest Amount shall not be due and payable to the Noteholders on the Distribution Date immediately following the Intra-Loan Interest Payment Date and none of the Noteholders shall have any claim against the Issuer in respect of such amount.

- (ii) To the extent that the Noteholder Representative does not provide a break cost determination to the Facility Agent in accordance with the Senior Facility Agreement then Break Costs will be deemed to be zero. Any payments received by the Issuer on the Maturity Date shall be paid on the Distribution Date falling on the Expected Maturity Date and the Interest Amount payable on the Expected Maturity Date shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Notes and multiplying such sum by the actual number of days elapsed from the commencement of the relevant Interest Period up to (and including) the Expected Maturity Date divided by 365 and rounding the resultant figure downward to the nearest pence.

With respect to any payments to be made on the Notes on the Final Maturity Date, the Interest Amount shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Notes and multiplying such sum by the actual number of days elapsed from the commencement of the relevant Interest Period up to (and including) the Final Maturity Date divided by 365 and rounding the resultant figure downward to the nearest pence.

(h) **Publication of Rates of Interest, Interest Amounts and other Notices**

As soon as practicable after receiving notification thereof but in no event later than two Business Days prior to a Distribution Date, the Agent Bank on behalf of the Issuer will cause the Rate of Interest and the Interest Amount applicable to the Notes for each Interest Period and the Distribution Date to be published on www.usbank.com/abs. The Interest Amounts, Distribution Date and other determinations so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period for the Notes.

(i) **Determination and/or Calculation by the Note Trustee**

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for any of the Notes and/or make any other necessary calculations in accordance with the foregoing Conditions, the Note Trustee shall (or shall appoint an agent at the cost of the Issuer, on its behalf to do so) (i) determine the Rate of Interest at such rate as is, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances, and/or (as the case may be), (ii) calculate the Interest Amount for the Notes in the manner specified in Condition 5(d) above and/or (as the case may be) and any such determination and/or calculation shall be deemed to have been made by the Agent Bank and the Note Trustee shall have no liability in respect thereof.

(j) **Notifications to be Final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (as defined below) (or any of them) or the Agent Bank or the Note Trustee shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Note Trustee, the Cash Manager, the Paying Agents and all Noteholders and (in the absence of wilful default or fraud) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank or the Note Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(k) **Reference Banks and Agent Bank**

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall, at all times, be three Reference Banks and an Agent Bank. The initial Reference Banks are to be the principal London offices of three major banks in the London interbank market chosen by the Agent Bank (the "**Reference Banks**"). In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Note Trustee to act as such in its place. Any purported resignation or removal by the Agent Bank shall not take effect until a successor so approved by the Note Trustee has been appointed.

6. **Redemption and Cancellation**

(a) **Final Redemption**

The Notes are expected to be redeemed in full and cancelled on the Expected Maturity Date (falling on 21 May 2020 and deemed to be a Distribution Date) but only to the extent that all amounts outstanding under the Loan are paid in full to the Issuer.

Unless previously redeemed in full and cancelled as provided in this Condition 6, the Issuer shall

redeem the Notes at their Principal Amount Outstanding together with accrued interest on the Final Maturity Date (falling on 22 May 2023 and deemed to be a Distribution Date).

The Issuer may not redeem Notes in whole or in part prior to the Final Maturity Date except as provided in this Condition but without prejudice to Condition 10 (*Note Events of Default*).

(b) **Mandatory Redemption from Principal Receipts**

- (i) Unless the Notes are previously redeemed in full and cancelled as provided in this Condition 6(b), the Notes are subject to mandatory early redemption in full or, as the case may be, in part on each Distribution Date in an amount not exceeding the Principal Receipts received and allocated to the Notes in accordance with the provisions of the Cash Management Agreement subject to the Issuer Priority of Payments.
- (ii) If the Borrower repays the whole or part of the Loan on an Intra-Loan Interest Payment Date an amount equal to the Principal Receipts received by or on behalf of the Issuer attributable to such repayment shall be applied to redeem the Notes on the date that falls one Business Day following an Intra-Loan Interest Payment Date in accordance with the applicable Issuer Priority of Payments, as if such date on which the Notes are to be redeemed is a Distribution Date.

(c) **Optional Redemption for Tax or Other Reasons**

If the Issuer at any time satisfies the Note Trustee (who will be so satisfied if it receives a legal opinion to its satisfaction confirming such matters) immediately prior to giving the notice referred to below that either:

- (i) by virtue of a change in the tax law of the Ireland or United Kingdom or any other jurisdiction (or the application or official interpretation thereof) from that in effect on the Closing Date, on the next Distribution Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of the Notes (other than where the relevant holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of Notes and other than in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the relevant jurisdiction (or any political sub-division thereof or authority thereof or therein having power to tax) and such requirement cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) if any amount payable by the Borrower in respect of the Issuer Assets is reduced or ceases to be receivable (whether or not actually received) by the Issuer during the Interest Period preceding the next Distribution Date,

and in any such case, the Issuer has, prior to giving the notice referred to below, certified to the Note Trustee that it will have the necessary funds on such Distribution Date to discharge all of its liabilities in respect of the Notes to be redeemed under this Condition 6(c) and any amounts required under the Cash Management Agreement, the Note Trust Deed and the Deed of Charge and Assignment to be paid in priority to, or *pari passu* with, the Notes to be so redeemed, which certificate shall be conclusive and binding, and provided that on the Distribution Date on which such notice expires, no Note Acceleration Notice has been served, then the Issuer may, but shall not be obliged to, on any Distribution Date on which the relevant event described above is continuing, having given not more than 60 nor less than 30 days' written notice ending on such Distribution Date to the Note Trustee, the Paying Agents and to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*), redeem the Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Notes plus interest accrued and unpaid thereon.

(d) **Principal Amount Outstanding**

On each Determination Date, the Cash Manager shall determine (i) the Principal Amount Outstanding of the Notes on the next following Distribution Date (after deducting any principal payment to be paid

on such Notes on that Distribution Date). Each determination by the Cash Manager of the Principal Amount Outstanding of the Notes shall (in the absence of wilful default or manifest error) be final and binding on all persons.

The "**Principal Amount Outstanding**" of the Notes on any date will be its face amount less the aggregate amount of principal repayments made in respect of that Note since the Closing Date.

The Issuer (or the Cash Manager on its behalf) will cause each determination of a Principal Amount Outstanding to be notified in writing forthwith to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on the Irish Stock Exchange) the Irish Stock Exchange and will cause notice of each determination of a Principal Amount Outstanding to be given to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*) as soon as reasonably practicable thereafter.

If the Issuer (or the Cash Manager on its behalf) does not at any time for any reason determine a Principal Amount Outstanding in accordance with the preceding provisions of this Condition 6(d), such Principal Amount Outstanding may be determined by the Note Trustee, in accordance with this Condition 6(d), and each such determination or calculation shall be conclusive and shall be deemed to have been made by the Issuer or the Cash Manager, as the case may be and the Note Trustee shall have no liability in respect thereof.

(e) **Notice of Redemption**

Any such notice as is referred to in Condition 6(c) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes in the amounts specified in this Condition. As soon as reasonably practicable after becoming aware that the same will occur, the Issuer will cause notice of the proposed redemption of the Notes to be given to the Irish Stock Exchange (for so long as the Notes are listed on the Irish Stock Exchange). Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Condition 6(c) above may be relied on by the Note Trustee without further investigation and shall be conclusive and binding on the Noteholders.

(f) **Cancellation**

All Notes redeemed in full pursuant to the foregoing provisions will be cancelled forthwith by the Issuer or on its behalf in accordance with the Issuer Transaction Documents and may not be resold or re-issued.

(g) **No Purchase by Issuer**

The Issuer will not purchase any of the Notes.

7. **Payments**

(a) **Global Note**

Payments of principal and interest in respect of the Global Note will be made by transfer to the registered account of the Noteholder.

Subject to Condition 7(b) below, interest will be paid to the holder (or the first named if joint holders) shown on the Register at the close of business on the Business Day before the due date for payment thereof.

Payments in respect of the Global Note will be made in sterling to holders of interests in the Notes (such holders being, the "**Euroclear/Clearstream Holders**").

A Euroclear/Clearstream Holder may receive payments in respect of its interest in the Global Note in dollars in accordance with Euroclear's and Clearstream, Luxembourg's customary procedures. All costs of conversion from any such election will be borne by such Euroclear/Clearstream Holder.

(b) **Definitive Notes**

Payments of principal and interest (except where, after such payment, the unpaid principal amount of the Note would be reduced to zero (including as a result of any other payment of principal due in respect of the Note), in which case the relevant payment of principal and interest, as the case may be, will be made against surrender of such Note) in respect of Definitive Notes, will be made to the holder of a Definitive Note upon presentation of the relevant Definitive Note(s) at the specified office of the Registrar not later than the Definitive Note Record Date (as defined below) for payment in respect of such Definitive Note or by transfer to a sterling denominated account nominated in writing by the payee to the Registrar and maintained with a branch of a bank in London not later than the due date for such payment. Any such application for transfer to such account shall be deemed to relate to all future payments in respect of such Definitive Note until such time as the Registrar is notified in writing to the contrary by the holder thereof.

If any payment due in respect of any Definitive Note is not paid in full, the Registrar will annotate the Register with a record of the amount, if any, so paid. For the purposes of this Condition 7(b), the holder of a Definitive Note will be deemed to be the person shown as the holder (or the first-named of joint holders) on the Register on the fifteenth day before the due date for such payment (in relation to the Definitive Notes, the "**Definitive Note Record Date**").

(c) **Laws and Regulations**

Payments of principal, and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(d) **Overdue Principal Payments**

If repayment of principal is improperly withheld or refused on or in respect of the Notes or part thereof, the interest which continues to accrue in respect of the Notes or part thereof in accordance with Condition 5(a) (*Period of Accrual*) will be paid against presentation of the Notes at the specified office of any Paying Agent, and in the case of any Definitive Note, will be paid in accordance with Condition 7(b) above.

(e) **Change of Agents**

The Principal Paying Agent is Elavon Financial Services Limited, UK Branch. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar and the Agent Bank and to appoint additional or other Agents. The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*). The Issuer will maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to European Union Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive.

(f) **Presentation on Non-Business Days**

If the Notes are presented (if required) for payment on a day which is not a business day in the place where it is so presented, payment shall be made on the next succeeding day that is a business day (unless such business day falls in the next succeeding calendar month in which event the immediately preceding business day) and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of the Notes. For the purposes of Condition 6 (*Redemption and Cancellation*) and this Condition 7, "**business day**" shall mean, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place.

(g) **Accrual of Interest on Late Payments**

If any payment of interest, principal or any other amount is not paid in respect of the Notes on the date when due and payable (other than because the due date is not a business day (as defined in Condition 7(f) above) or by reason of non-compliance with Condition 7(a) or 7(b) above), then such unpaid

amount shall itself bear interest at the applicable Rate of Interest until such interest and interest thereon is available for payment and notice thereof has been duly given to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*), provided that such interest and interest thereon are, in fact, paid.

(h) **Incorrect Payments**

The Cash Manager will, from time to time, notify Noteholders in accordance with the terms of Condition 15 (*Notice to and Communication between Noteholders*) of any over-payment or under-payment of which it has actual notice made on any Distribution Date to any party entitled to such payment pursuant to the Pre-Enforcement Priority of Payments. Following the giving of such a notice, the Cash Manager shall rectify such over-payment or under-payment by increasing or, as the case may be decreasing payments to the relevant parties on any subsequent Distribution Date. Any notice of over-payment or under-payment pursuant to this Condition 7 shall contain reasonable details of the relevant amount, the relevant parties and the adjustments to be made to future payments to rectify the over-payment or under-payment, as applicable. Neither the Issuer nor the Cash Manager shall have any liability to any person for making any such correction.

8. **Taxation**

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any relevant Paying Agent is required by applicable law in any jurisdiction to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor any other person will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

9. **Prescription**

Claims for principal in respect of the Global Note shall become void unless the Global Note is presented for payment within ten years of the appropriate relevant date. Claims for interest in respect of the Global Note shall become void unless the Global Note is presented for payment within five years of the appropriate relevant date.

Claims for principal and interest in respect of Definitive Notes shall become void unless made within ten years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date.

In this Condition 9, the "**relevant date**" means the date on which a payment first becomes due, but if the full amount of the moneys payable has not been received by the relevant Paying Agent or the Note Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have been so received, and notice to that effect shall have been duly given to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*).

10. **Note Events of Default**

(a) **Note Event of Default**

If any of the events mentioned in sub-paragraphs (i) to (v) inclusive below shall occur (each such event being, a "**Note Event of Default**"), the Note Trustee at its absolute discretion may, and if so requested in writing by the "**Eligible Noteholders**", being the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes or if so directed by or pursuant to an Extraordinary Resolution of the Noteholders shall, and in any case aforesaid, subject to the Note Trustee being indemnified and/or secured and/or pre-funded to its satisfaction, give notice (a "**Note Acceleration Notice**") to the Issuer and the Issuer Security Trustee declaring all the Notes to be immediately due and repayable and the Issuer Security enforceable:

- (i) either, in respect of the Notes, the Issuer defaults:

- (A) for a period of three days in the payment of the principal when and as it becomes due and payable in accordance with these Conditions; or
- (B) for a period of five days in the payment of any interest (including any Note Prepayment Fees or Default Interest) when due on a Distribution Date or any date on which the Notes are required to be redeemed in accordance with these Conditions; or
- (ii) the Issuer defaults in the performance or observance of any other obligation binding upon it under the Notes, the Note Trust Deed, the Issuer Security Documents or the other Issuer Transaction Documents to which it is party and, in any such case (except where the Note Trustee certifies that, in its opinion, such default is incapable of remedy when no notice will be required), such default continues for a period of 14 days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 10(a)(iv) below, ceases or, consequent upon a resolution of the board of directors of the Issuer, threatens to cease to carry on business or (in the opinion of the Note Trustee based upon any financial advice which the Note Trustee may require) a substantial part of its business or the Issuer is or is deemed unable to pay its debts as and when they fall due; or
- (iv) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders; or
- (v) proceedings shall be initiated against the Issuer under any applicable liquidation, insolvency, examinership, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice to appoint an administrator) and such proceedings are not being disputed in good faith with a reasonable prospect of success, or an administration order shall be granted or the appointment of an administrator takes effect or an administrative receiver or other receiver, liquidator, examiner or other similar official shall be appointed (or formal notice is given of an intention of appoint an administrator) in relation to the Issuer or any part of its undertaking, property or assets, or an encumbrancer shall take possession of all or any part of the undertaking, property or assets of the Issuer, or a distress, execution, diligence or other process shall be levied or enforced upon or sued against all or any part of the undertaking, property or assets of the Issuer and such appointment, possession or process is not discharged or does not otherwise cease to apply within 15 days, or the Issuer (or the shareholders of the Issuer) initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, examinership, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of or a composition or similar arrangement with its creditors generally or takes steps with a view to obtaining a moratorium in respect of any of the indebtedness of the Issuer,

provided that in the case of each of the events described in Condition 10(a)(ii) above, the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders then outstanding.

(b) Effect of Declaration by Note Trustee

Upon any declaration being made by the Note Trustee in accordance with Condition 10(a) above, all the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in the Note Trust Deed and the Issuer Security shall become enforceable.

11. Enforcement

The Note Trustee may, at its discretion and without notice, take such proceedings and/or other action or steps against or in relation to the Issuer or any other person as it may think fit, subject always to the

provisions of Condition 17 (*Limited Recourse and Non-Petition*) to enforce the provisions of the Notes, the Note Trust Deed, these Conditions and the other Issuer Transaction Documents to which it is a party and the Note Trustee may direct the Issuer Security Trustee at any time after the Issuer Security has become enforceable, at its discretion and without notice, to take such steps as it may think fit to enforce the Issuer Security, but neither the Note Trustee nor the Issuer Security Trustee shall be bound to take any such proceedings, actions or steps, unless:

- (i) it shall have been requested in writing by the Eligible Noteholders or if directed by or pursuant to an Extraordinary Resolution of the Noteholders; and
- (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including without limitations in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof as legal fees and expenses on a full indemnity basis which it may incur by so doing.

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Issuer Transaction Documents or to enforce the Issuer Security unless the Note Trustee or, as the case may be, the Issuer Security Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing provided that no Noteholder shall be entitled to take proceedings for the winding up, examination or administration of the Issuer. The Issuer Security Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any other Issuer Secured Creditor under the Issuer Security Documents, as applicable.

The Deed of Charge and Assignment will provide that the Issuer Security Trustee shall enforce the security in respect of the Issuer, by appointing an administrative receiver (where possible), if it has actual notice of either: (i) an application for the appointment of an administrator; or (ii) the giving of a notice of intention to appoint an administrator, in respect of the Issuer, such appointment to take effect upon the final day by which the appointment must be made in order to prevent an administration proceeding or (where the Issuer or the directors of the Issuer have initiated the administration) not later than that final day.

In addition, the Issuer Security Trustee may (subject to the matters described in paragraphs below), following the service of a Note Acceleration Notice, enforce the security in respect of the Issuer by the appointment of an administrative receiver (where possible) (if the Issuer Security Trustee has not already done so pursuant to the foregoing) subject to being indemnified and/or secured and/or prefunded to its satisfaction.

The Issuer Security Trustee shall not be liable for any failure to appoint an administrative receiver, save in the case of its own gross negligence, wilful default or fraud.

The Issuer Security Trustee will not be obliged to appoint an administrative receiver unless it is indemnified and/or secured and/or pre-funded to its satisfaction. However, the Deed of Charge and Assignment will provide that if the Issuer Security Trustee is required to enforce the security by appointing an administrative receiver following receipt of actual notice of an application for the appointment of an administrator or actual notice of the giving of a notice of intention to appoint an administrator, the Issuer Security Trustee will agree that it is adequately indemnified and secured in respect of such appointment by virtue of its rights against the Issuer under the Deed of Charge and Assignment and the security which it has in respect of such rights. The Issuer will covenant in the Deed of Charge and Assignment that, if the Issuer Security Trustee appoints an administrative receiver by reason of having actual notice of an application for the appointment of an administrator or actual notice of the giving of a notice of intention to appoint an administrator, it waives any claim against the Issuer Security Trustee in respect of such appointment.

12. **Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties**

(a) **Convening Meetings**

- (i) The Note Trust Deed contains provisions for convening meetings of the Noteholders, to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution or Ordinary Resolution, as appropriate, of, among other things, the removal of the Note Trustee, the Issuer Security Trustee, the Cash Manager, the Operating Bank, the Agent Bank, the Principal Paying Agent, the Registrar or the Issuer Corporate Services Provider, a modification of the Notes or the Note Trust Deed (including these Conditions) or the provisions of any of the other Issuer Transaction Documents.

These provisions allow the Issuer, the Note Trustee or the Cash Manager to convene Noteholder meetings for any purpose including consideration of Extraordinary Resolutions or Ordinary Resolutions and provided that at least 10 days (or, in the case of an adjourned meeting at least 5 days) notice of such meeting be given to Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*). The Issuer shall be obliged to convene a meeting of Noteholders if requested to do so in writing by not less than ten per cent. of the holders of the Notes.

(b) **Quorum**

- (i) Subject as provided below, the quorum at any meeting of the Noteholders or persons present holding voting certificates or being proxies or at any adjourned meeting, for passing an Extraordinary Resolution or an Ordinary Resolution shall be one or more persons holding or representing not less than 50.1 per cent. in Principal Amount Outstanding of the Notes.

The quorum at any meeting of the Noteholders for passing an Extraordinary Resolution that would have the effect of:

- a. modifying the date of maturity of the Notes;
- b. modifying any day for the payment of interest on the Notes;
- c. reducing the amount of principal or the rate of interest payable in respect of the Notes;
- d. modifying the method of calculating the amount payable or the date of payment in respect of any interest or principal in respect of the Notes;
- e. modifying the definition of "Basic Terms Modification";
- f. altering the currency of payment of the Notes referable thereto; or
- g. releasing any of the Issuer Security (or any part thereof) other than in accordance with the Issuer Transaction Documents (and without prejudice to the Note Trustee's and the Issuer Security Trustee's ability to exercise their respective powers and discretions under the Issuer Transaction Documents)

(each, a "**Basic Terms Modification**"), shall be one or more persons holding Notes or voting certificates in respect thereof or proxies representing not less than 75 per cent. of the Principal Amount Outstanding of the Notes for the time being outstanding, (including) at any adjourned meeting. A Basic Terms Modification may only be effected by an Extraordinary Resolution.

An Extraordinary Resolution or an Ordinary Resolution passed at any meeting or a Written Resolution shall be binding on all Noteholders whether or not they were present at such meeting or signed the Written Resolution.

The Issuer, the Note Trustee or the Cash Manager may propose an Extraordinary Resolution or an Ordinary Resolution, other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default, the acceleration of the Notes or the enforcement of the Issuer Security, of the Noteholders relating to any matter for consideration and approval by Negative Consent by the Noteholders.

- (c) **"Negative Consent"** means, in relation to an Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default, the acceleration of the Notes or the enforcement of the Issuer Security), or an Ordinary Resolution, the process whereby such Extraordinary Resolution or Ordinary Resolution shall be deemed to be duly passed and shall be binding on all of the Noteholders in accordance with its terms where:
- (A) notice of such Extraordinary Resolution or Ordinary Resolution, as applicable, (including the full text of the same) has been given by the Issuer, the Note Trustee or the Cash Manager to the Noteholders in accordance with the provisions of Condition 15 (*Notice to and Communication between Noteholders*);
 - (B) such notice contains a statement requiring such Noteholders to inform the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) if they object to such Extraordinary Resolution or Ordinary Resolution, stating that unless holders of (i) in the case of an Extraordinary Resolution, 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes; or (ii) in the case of an Ordinary Resolution, 50.1 per cent. or more in aggregate Principal Amount Outstanding of the Notes, make such objection, the Extraordinary Resolution or Ordinary Resolution will be deemed to be passed by the Noteholders and specifying the requirements for the making of such objections (including addresses, email addresses and deadlines) further as set out in the following paragraph; and
 - (C) holders of (i) in the case of an Extraordinary Resolution, 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes or (ii) in the case of an Ordinary Resolution, 50.1 per cent. or more in aggregate Principal Amount Outstanding of the Notes, have not informed the Note Trustee in writing of their objection to such Extraordinary Resolution or Ordinary Resolution within 15 days of the date of the relevant notice.

Any Loan Level Matters may not be determined by way of Negative Consent.

(d) **Modifications and Waivers without Noteholders Consent**

- (i) The Note Trustee may agree or may direct the Issuer Security Trustee to agree, without the consent of the Noteholders (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes, the Note Trust Deed (including these Conditions) or any of the other Issuer Transaction Documents which, in the opinion of the Note Trustee, is not materially prejudicial to the interests of the Noteholders; (ii) to any modification of the Notes, the Note Trust Deed (including these Conditions) or any of the other Issuer Transaction Documents (including a determination that a Note Event of Default shall not be treated as such) which, in the opinion of the Note Trustee, is to correct a manifest error or a proven (to the satisfaction of the Note Trustee) error or is to conform the Issuer Transaction Documents to be consistent with the disclosure in this Offering Circular dated 22 September 2015 relating to the issuance of the Notes (as certified to the Note Trustee by the Issuer and upon which the Note Trustee may rely absolutely) or to comply with mandatory provisions of law (as confirmed by a legal opinion provided to the Note Trustee upon which the Note Trustee may rely absolutely) or is (in the opinion of the Note Trustee) of a formal, minor or technical nature; provided always that the Note Trustee shall not exercise such powers of modification, waiver, authorisation or determination in contravention of any express written direction given by the Eligible Noteholders or by an Extraordinary Resolution of the Noteholders then outstanding (provided that no such direction or restriction shall affect any authorisation, modification, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination shall be

binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15 (*Notice to and Communication between Noteholders*).

- (ii) Notwithstanding Condition 12(d)(i) above, the Issuer is restricted from agreeing to any amendment or modification or entering into any agreement or arrangement with any party which would have the effect of (i) reducing or cancelling the amount of Stripped and Accrued Interest Payments due and payable to the Sellers; (ii) modifying the method of calculating the Stripped and Accrued Interest Payments; (iii) postponing any date on which the payment of the Stripped and Accrued Interest Payments are to be made, or (iv) adversely affecting the right of the Sellers to receive payment of the Stripped and Accrued Interest Payments under the Loan Sale Agreement, in each case, without the Seller's prior written consent (in the Seller's absolute discretion).

(e) **Note Trustee Determinations**

- (i) Where the Note Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions, to have regard to the interests of the Noteholders it shall have regard to the interests of such Noteholders as a class and, in particular, but without prejudice to the generality of the foregoing, the Note Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Note Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.
- (ii) The Note Trustee shall be entitled to determine, in its own opinion, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Notes, the Conditions or any of the Issuer Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders.
- (iii) The Note Trustee may (subject to such amendments of these Conditions and of any of the Issuer Transaction Documents, and to such other Conditions as the Note Trustee may require), without the consent of the Noteholders or any other Issuer Secured Creditor agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this condition) as the principal debtor in respect of the Notes and the Note Trust Deed of another body corporate (being a single purpose vehicle) provided that such substitution would not in the opinion of the Note Trustee be materially prejudicial to the interests of the Noteholders and subject to certain conditions set out in the Note Trust Deed being complied with (or suitable arrangements in place to ensure compliance with such conditions). In the case of substitution of the Issuer, the Irish Stock Exchange shall be notified by the Issuer of such substitution, a supplemental offering circular will be prepared by the new principal debtor and filed with the Irish Stock Exchange and notice of the substitution will be given to the Noteholders by the Issuer in accordance with Condition 15 (*Notice to and Communication between Noteholders*).
- (iv) Where for the purposes of these Conditions the Note Trustee or any other party to the Issuer Transaction Documents requires a Noteholder holding Notes through Euroclear or Clearstream, Luxembourg to establish its holding of the Notes to the satisfaction of such party (including, without limitation, for the purposes of Condition 16 (*Noteholder Representative*)), such holding shall be considered to be established if such Noteholder provides to the requesting party:
 - (A) a Euclid Statement or a screenshot of the Euclid screen (in the case of Euroclear) or a Creation Online Statement or a screenshot of the Creation screen (in the case of Clearstream, Luxembourg) providing confirmation at the time of issue of the same of such person's holding in the Notes;

- (B) if the relevant Notes are held through one or more custodians, a signed letter from each such custodian confirming on whose behalf it is holding such Notes such that the Note Trustee is able to verify to its satisfaction the chain of ownership to the beneficial owner; and
- (C) any other evidence of holding of such interest in the relevant Notes in a form acceptable to the Note Trustee.

If in connection with verifying its holding the Note Trustee requires a Noteholder to temporarily block its Notes in Euroclear or Clearstream, Luxembourg, such Noteholder will be required to instruct Euroclear or Clearstream, Luxembourg (via its custodian, if applicable) to do so.

(f) **Disenfranchised Holders**

- (i) For the purposes of determining:
 - (1) the quorum at any meeting of Noteholders considering an Extraordinary Resolution or an Ordinary Resolution or the majority of votes cast at such meeting;
 - (2) the holders of Notes for the purposes of giving any direction to the Note Trustee (or any other party);
 - (3) the majorities required for any written resolutions, including the majority required for passing a Written Ordinary Resolution for the purpose of appointing a Noteholder Representative;
 - (4) any discretion, power or authority (whether contained in any of the Issuer Transaction Documents or conferred on it by operation of law) which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders;
 - (5) the determination by the Note Trustee whether any event or potential event is or would be materially prejudicial to the interests of the Noteholders;
 - (6) the objection by Noteholders for the purpose of Negative Consent; or
 - (7) the determination of how many and which Notes are for the time being outstanding in accordance with the Note Trust Deed.

any Notes held beneficially by or for the account of (whether directly or indirectly or in relation to which the exercise of the right to vote is directed or otherwise controlled by):

- (A) any member of the Group;
- (B) any Investor Affiliate; or
- (C) the Issuer,

in each case, shall have no voting rights or any right to pass an Extraordinary Resolution or an Ordinary Resolution and shall be treated as if such Notes were not outstanding and the holder of any of those Notes will not be entitled to attend or exercise or count in or towards any required quorum or majority with respect to such Notes for so long as those Notes are so held or remain uncanceled.

The Note Trust Deed contains provisions requiring any Noteholder wishing to vote to confirm to the Principal Paying Agent that such Noteholder is not disenfranchised from voting pursuant to this Condition 12(f).

13. **Indemnification and Exoneration of the Note Trustee and Issuer Security Trustee**

The Note Trust Deed, the Issuer Security Documents and certain of the other Issuer Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of each of the Note Trustee and the Issuer Security Trustee and for indemnification in certain circumstances, including provisions relieving them from taking enforcement proceedings or, in the case of the Issuer Security Trustee, enforcing the Issuer Security unless indemnified and/or secured and/or pre-funded to its satisfaction. Neither the Note Trustee nor the Issuer Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of other parties to the Issuer Transaction Documents, clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons whether or not on behalf of the Note Trustee or the Issuer Security Trustee.

The Note Trust Deed and the Deed of Charge and Assignment contain provisions pursuant to which each of the Note Trustee and the Issuer Security Trustee or any of its related companies is entitled, among other things, (a) to enter into business transactions with the Issuer and or any other person who is a party to the Issuer Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Issuer Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiaries or associated companies, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders or any other Issuer Secured Creditor, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Deed of Charge and Assignment provides that the Issuer Security Trustee shall accept without investigation, requisition or objection such right and title as the Issuer may have to the Issuer's property secured pursuant to the Issuer Security Documents and shall not be bound or concerned to examine such right and title, and the Issuer Security Trustee shall not be liable for any defect or failure in the right or title of the Issuer to the property secured pursuant to the Issuer Security Documents whether such defect or failure was known to the Issuer Security Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not. Neither the Note Trustee nor the Issuer Security Trustee has any responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. Neither the Note Trustee nor the Issuer Security Trustee will be obliged to take any action which might result in its incurring personal liabilities unless indemnified and/or secured and/or pre-funded to its satisfaction or to supervise the performance by the Cash Manager or any other person of their obligations under the Issuer Transaction Documents and each of the Note Trustee and the Issuer Security Trustee shall assume, until it has actual knowledge or express notice to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

14. **Replacement of the Global Note and Definitive Notes**

If the Global Note or Definitive Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent or the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer, the Registrar, the Paying Agent or the Note Trustee may reasonably require. The mutilated or defaced Global Note or Definitive Notes must be surrendered before replacements will be issued.

15. **Notice to and Communication between Noteholders**

- (a) All notices, other than notices given in accordance with any one or more of the following paragraphs of this Condition 15, to Noteholders shall be deemed to have been validly given if:
 - (i) for so long as the Notes are represented by a Global Note and listed on the Irish Stock Exchange or another stock exchange and the rules of such stock exchange so allow:

- (A) subject to the requirements of the Market Abuse Directive, at the option of the Issuer, if delivered through the announcements section of the relevant stock exchange and a regulated information service maintained or recognised by such stock exchange; and
 - (B) if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; and
 - (C) if delivered to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes or such other medium for the electronic display of data as may be previously approved in writing by the Note Trustee; or
- (ii) for so long as the Notes are in definitive form and listed on the Irish Stock Exchange or another stock exchange and the rules of such stock exchange so allow, subject to the requirements of the Market Abuse Directive, at the option of the Issuer, if delivered through the announcements section of the relevant stock exchange and a regulated information service maintained or recognised by such stock exchange.

Any such notice shall be deemed to have been given on:

- (A) in the case of a notice delivered to the regulated information service of a stock exchange, the day on which it is delivered to such stock exchange;
 - (B) in the case of a notice delivered to Euroclear and/or Clearstream, Luxembourg, the day on which it is delivered to Euroclear and/or Clearstream, Luxembourg; and
 - (C) in the case of a notice delivered to Bloomberg L.P., the day on which it is delivered to Bloomberg L.P..
- (b) If it is impossible or impractical to give notice in accordance with paragraphs (A), (B) or (C) of Condition 15(a)(i) above then notice of the relevant matters shall be given in accordance with Condition 15(a)(ii) above.
- (c) The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require. The Note Trustee shall give notice to the Noteholders in accordance with this Condition 15 of any additions to, deletions from or alterations to such methods from time to time.
- (d) Any Verified Noteholder shall be entitled from time to time to request the Cash Manager to post a notice on its investor reporting website requesting other Verified Noteholders to contact it subject to and in accordance with the following provisions.

For these purposes "**Verified Noteholder**" means a Noteholder which has satisfied the Cash Manager that it is a Noteholder in accordance with Conditions 12(e)(iv) and 12(f) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*).

- (e) Following receipt of a request for the publication of a notice from a Verified Noteholder, the Cash Manager shall publish such notice on its investor reporting website as an addendum to any report to Noteholders due for publication within two Business Days of receipt of the same (or, if there is no such report, through a special notice for such purpose as soon as is reasonably practical after receipt of the same) provided that such notice contains no more than:
- (i) an invitation to other Noteholders to contact the Verified Noteholder;
 - (ii) the name of the Verified Noteholder and the address, phone number, website or email address at which the Verified Noteholder can be contacted; and

- (iii) the date(s) from, on or between which the Verified Noteholder may be so contacted; and
- (iv) a request that a Noteholder wishing to be in contact with the Verified Noteholder confirm its holding in accordance with Condition 12(e)(iv) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) and confirm that it has not been disenfranchised pursuant to Condition 12(f) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*).

The Cash Manager shall have no responsibility or liability for the contents, completeness or accuracy of any such published information and shall have no responsibility (beyond publication of the same in the manner described above) for ensuring Noteholders receive the same.

16. **Noteholder Representative**

(a) **Appointment of the Noteholder Representative and general voting provisions in relation to Loan Level Matters**

The Noteholders may acting by Written Ordinary Resolution, elect by notice in writing to the Facility Agent, the Issuer Security Trustee, the Note Trustee and the Issuer with a copy to the Cash Manager (attaching a copy of the relevant Written Ordinary Resolution) (subject to each of the relevant Noteholders establishing its holding in such Notes to the satisfaction of the Note Trustee in accordance with the provisions of Condition 12 (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*)), appoint not more than one person to be the Noteholder Representative for the purposes of either directing:

- (i) the Note Trustee to on-direct the Issuer (prior to the delivery of a Note Acceleration Notice); or
- (ii) the Note Trustee itself (following the delivery of a Note Acceleration Notice),

in each case, to exercise the Issuer's voting rights under the Senior Facility Agreement and the Finance Documents in respect of Loan Level Matters.

Subject to the restrictions set out below in Condition 16(c) below, the Noteholder Representative need not itself be a Noteholder.

The Noteholder Representative will be deemed to hold and to have voting rights in respect of 100 per cent. of the aggregate voting rights held and that are exercisable by the Issuer as a lender of record under the Senior Facility Agreement and the other Finance Documents corresponding to the Issuer's participation in the Whole Loan. The Noteholder Representative shall be entitled in its sole discretion to exercise all of the rights conferred on it under these Conditions to either direct:

- (i) the Note Trustee to on-direct the Issuer (prior to the delivery of a Note Acceleration Notice); or
- (ii) the Note Trustee itself (following the delivery of a Note Acceleration Notice),

in each case, to act in relation to any consent, waiver, amendment or other vote in relation to any Loan Level Matter to the extent exercisable by the Issuer under the Senior Facility Agreement or any other Finance Document.

When directed to act in relation to a Loan Level Matter, the Issuer (prior to the delivery of a Note Acceleration Notice) or the Note Trustee (following the delivery of a Note Acceleration Notice) shall for any of those purposes independently exercise all of the voting rights conferred on the Issuer as a lender under the Senior Facility Agreement and the Finance Documents in accordance with, in the case of the Note Trustee, the instructions received by it from the Noteholder Representative and, in the case of the Issuer, in accordance with the on-direction delivered to it from the Note Trustee.

Neither the Issuer Security Trustee nor the Note Trustee shall have any obligation to identify the Noteholders from time to time, to inform them of their rights as such or to assist them in the appointment of a Noteholder Representative.

The Noteholder Representative shall not have any liability to the Issuer, any Noteholder, the Note Trustee, the Issuer Security Trustee or any other party for any action taken or for refraining from taking any action in good faith or for any errors of judgment.

The appointment of the Noteholder Representative shall not take effect until each of the Issuer Security Trustee, the Note Trustee, the Facility Agent (with a copy to the Cash Manager) and the Issuer have been notified by the Noteholder Representative in writing of its appointment.

The Noteholders may acting by Written Ordinary Resolution, elect by notice in writing to the Issuer Security Trustee, the Note Trustee, the Facility Agent and the Issuer (with a copy to the Cash Manager) (attaching a copy of the relevant Written Ordinary Resolution) to terminate the appointment of the Noteholder Representative. The Noteholder Representative may retire by giving not less than 21 days' notice in writing to: (a) the Noteholders (in accordance with the terms of Condition 15 (*Notice to and Communication between Noteholders*)), the Issuer, the Note Trustee, the Issuer Security Trustee, the Facility Agent (with a copy to the Cash Manager).

If at any time the Noteholders fail to appoint a Noteholder Representative (or the Noteholder Representative resigns or whose appointment is terminated and is not subsequently replaced), the Noteholders will be deemed to have waived their rights under these Conditions, including any rights to authorise the Note Trustee to on-direct the Issuer or to direct the Note Trustee itself to vote with respect to any Loan Level Matters in accordance with these Conditions and the Issuer Transaction Documents. The Note Trustee shall not be required to (i) exercise any Loan Level Matters directly under the Senior Facility Agreement or (ii) exercise any of the functions of a Noteholder Representative, in each case, in the absence of the appointment of a Noteholder Representative.

If the Noteholders do not appoint a Noteholder Representative to direct the Issuer (prior to the delivery of a Note Acceleration Notice) or the Note Trustee (following the delivery of a Note Acceleration Notice), this will result in an abstention by the Issuer or the Note Trustee, as the case may be, in relation to a Loan Level Matter.

Following the results of a vote with respect to any Loan Level Matter, the Noteholder Representative will, to the extent that it has been appointed, determine whether any amendment to these Conditions and/or the Issuer Transaction Documents is required and may request the Issuer to convene a meeting of the Noteholders in connection with such amendment.

The Noteholders shall only be entitled to receive Loan Level Information or any information or communication in relation to a Loan Level Matter in accordance with the provisions of these Conditions and the Issuer Transaction Documents. For the avoidance of doubt no Loan Level Information or information in relation to a Loan Level Matter shall be made available or notified to the Noteholders pursuant to the Condition 15 (*Notice to and Communication between Noteholders*), subject to compliance with any applicable law or regulation.

The Note Trustee shall be entitled to request clarification of any direction from a Noteholder Representative as to whether and in what manner it should exercise any voting rights and the Note Trustee may refrain from acting unless and until it receives that clarification. The Note Trustee shall not be obliged to follow any direction of a Noteholder Representative which, in the sole opinion of the Note Trustee would have the effect of (a) exposing the Note Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) otherwise prejudicing the interests of the Note Trustee.

(b) Note Trustee bound to act in accordance with a direction given by the Noteholder Representative

At any time after the delivery of a Note Acceleration Notice, the Note Trustee shall be bound to vote in relation to Loan Level Matters if directed by the Noteholder Representative provided always that no direction shall be effective if it relates to a matter in respect of a Basic Terms Modification which at all

times shall only be passed in accordance with Condition 12(b) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*).

The Note Trustee shall assume that any Noteholder Representative has not ceased to be Noteholder Representative unless and until notified in writing in the contrary and the Note Trustee shall have no liability to the Noteholders, Issuer or any other person for acting on the instructions of the Noteholder Representative.

(c) **Disenfranchisement of Restricted Lenders**

The right of a Noteholder to appoint, acting alone or with one or more Noteholders, a Noteholder Representative for the purpose of directing the Note Trustee to either on-direct the Issuer to exercise or to exercise directly, as the case may be, the Issuer's votes under the Finance Documents in respect of Loan Level Matters pursuant to these Conditions shall not extend to or be exercisable by any Sponsor Affiliate which:

- (i) beneficially owns a Loan Commitment; or
- (ii) has entered into a sub-participation agreement relating to a Loan Commitment or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated.

The Noteholder Representative must not at any time be a Sponsor Affiliate.

17. **Limited Recourse and Non-Petition**

Notwithstanding any other provision of these Conditions or the Note Trust Deed, any other Issuer Transaction Document or otherwise, the obligations of the Issuer to make any payment under the Notes will be equal to the nominal amount of such payment or, if less, the actual amount received or recovered from time to time by or on behalf of the Issuer which consists of funds which are required to be applied by the Issuer in making such payment in accordance with the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as applicable, upon enforcement of the Issuer Security constituted by the Deed of Charge and Assignment. The obligations of the Issuer under these Conditions and Note Trust Deed in respect of the Notes will be limited to such amounts from time to time and none of the Noteholders, Note Trustee or the Issuer Security Trustee will have any further recourse to the Issuer in respect of such obligations.

On enforcement of the Issuer Security and distribution of it proceeds in accordance with the Deed of Charge and Assignment, none of the Noteholders, the Note Trustee or the Issuer Security Trustee may take any further steps against the Issuer in respect of any amounts payable on the Notes or any other amounts and all claims against the Issuer in respect of those payments shall be extinguished and discharged.

None of the Note Trustee, the Issuer Security Trustee, the Noteholders or the other parties to the Issuer Transaction Documents will be entitled to petition or take any action or other steps or legal proceedings for the winding-up, dissolution, court protection, examinership, reorganisation, liquidation, bankruptcy or insolvency of the Issuer or for the appointment of an administrator, manager, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer in respect of the Issuer or any of its revenues or assets provided that the Note Trustee or the Issuer Security Trustee may prove or lodge a claim in the liquidation of the Issuer initiated by another party and provided further that the Note Trustee or the Issuer Security Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Deed of Charge and Assignment.

None of the Noteholders or any of the other parties to the Issuer Transaction Documents will have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of the Notes, the Deed of Charge and Assignment, or any other Issuer Transaction Document to which it is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

Nothing in this Condition shall affect a payment under the Notes from falling due for the purposes of Condition 10 (*Note Events of Default*).

The provisions of this Condition 17 shall survive the redemption in full of the Notes.

18. Noteholder Reporting Obligations

Each purchaser, beneficial owner and subsequent transferee of Notes or interest therein, by acceptance of such Notes or such an interest in such Notes, agrees or is deemed to agree (A) that it will (1) be required to agree to provide the Issuer and Note Trustee and their agents and delegates (i) any information as is necessary (in the sole determination of the Issuer or its agents and delegates, as applicable) for the Issuer or its agents and delegates to determine whether such purchaser, beneficial owner or transferee is (x) either a specified United States person as defined in Section 1473(3) of the Code ("specified United States person"), (y) a United States owned foreign entity as defined in Section 1471(d)(3) of the Code or a non-US entity with one or more controlling persons, as that term is defined in the intergovernmental agreement between Ireland and the United States signed on January 23, 2013 (the "US-Irish IGA"), that is a specified United States person ("United States owned foreign entity") and (ii) any additional information that the Issuer or its agent requests in connection with FATCA and (2) if it is a specified United States person or a United States owned foreign entity that is a holder or beneficial owner of Notes or an interest therein, be required to (x) provide the Issuer and Note Trustee and their agents and delegates its name, address, U.S. taxpayer identification number and, if it is a United States owned foreign entity, the name, address and taxpayer identification number of each of its substantial United States owners as defined in Section 1473(2) of the Code ("substantial United States owner") or controlling persons that are specified United States persons as that term is defined in the US-Irish IGA ("controlling United States persons") and any other information requested by the Issuer or its agent upon request and (y) update any such information provided in clause (x) promptly upon learning that any such information previously provided has become obsolete or incorrect or is otherwise required (the foregoing agreements, the "Noteholder Reporting Obligations"), (B) that each purchaser and subsequent transferee of Notes will be required or deemed to acknowledge that the Issuer and/or the Trustee may (1) provide such information and any other information concerning its investment in the Notes to the U.S. Internal Revenue Service and any other relevant tax authority, and (2) take such other steps as they deem necessary or helpful to achieve compliance with FATCA, including withholding on "passthru payments" (as defined in the Code).

"**FATCA**" means (a) sections 1471 to 1474 of the United States Internal Revenue Code of 1986, as amended (the "Code") or any associated regulations or other official guidance; (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, including the US-Irish IGA, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

19. Privity of Contract

The Notes do not confer any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

20. Governing Law and Jurisdiction

(a) Governing Law

The Note Trust Deed, the Deed of Charge and Assignment, the Agency Agreement, the other Issuer Transaction Documents (other than the Issuer Corporate Services Agreement) and the Notes and any non-contractual obligation arising from or in connection with them, will be governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**

The courts of England are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the Note Trust Deed, the Deed of Charge and Assignment, the Agency Agreement, the other Issuer Transaction Documents (other than the Issuer Corporate Services Agreement) and the Notes and any non-contractual obligation arising from or in connection with them. The Issuer has in each of the Issuer Transaction Documents to which it is a party (other than the Issuer Corporate Services Agreement) irrevocably submitted to the jurisdiction of the English courts.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be approximately £100,000,000 and this sum will be applied by the Issuer to pay the Initial Purchase Price to the Sellers for the purchase of the Loan and the interest in the Related Security on the Closing Date pursuant to the Loan Sale Agreement.

FEES AND EXPENSES

Fees and expenses relating to the application for admission of the Notes to trading on the regulated market of the Irish Stock Exchange are expected to be approximately €3,641.20.

UNITED KINGDOM TAXATION

The following is a general description of certain Irish, United Kingdom and United States tax considerations relating to the Notes based on the Issuer's understanding of current law and practice in Ireland, the United Kingdom and the United States respectively. It does not purport to be a comprehensive description of all Irish, United Kingdom or United States tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It applies only to persons who are the absolute beneficial owners of Notes and relates only to the position of persons who hold their notes as investments.

Each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in, or the acquisition, holding, settlement, redemption and disposal of, the Notes.

Interest on the Notes

Payments of interest arising in the United Kingdom are generally subject to withholding on account of income tax at the basic rate (currently 20%), subject to any applicable exemption. A number of factors are relevant to a determination that interest arises in the United Kingdom, including without limitation the location of any security and the source of funds for payment of interest.

It is likely that interest on the Notes will be regarded as arising in the United Kingdom. However, the Notes will constitute “quoted Eurobonds” within the meaning of section 987 of the Income Tax Act 2007 (the *Act*) as long as they are and continue to be listed on a “recognised stock exchange” within the meaning of section 1005 of the Act. In the case of Notes to be traded on the Irish Stock Exchange, which is a recognised stock exchange for these purposes, this condition will be satisfied if the Notes are admitted to listing on the main market of the Irish Stock Exchange and to trading on the Irish Stock Exchange. Accordingly, payments of interest on the Notes may be made without withholding on account of UK income tax provided the Notes remain so listed at the time of payment.

Payments of interest on the Notes may also be made without deduction or withholding on account of income tax if another relief applies under domestic law or such payments are the subject of a direction by HM Revenue & Customs under an applicable double taxation treaty. The withholding obligation is also disapplied in respect of payments to Noteholders who the Issuer reasonably believes are at the time that the relevant payment is made either a UK resident company or a non-UK resident company carrying on a trade in the UK through a permanent establishment and which is within the charge to corporation tax, or fall within various categories enjoying a special tax status (including charities and pension funds), or are partnerships consisting of such persons (unless HM Revenue & Customs direct otherwise, having reasonable grounds for believing the conditions for this exception will not be met at the time the payment is made).

On the basis that interest on the Notes is likely to constitute UK source income for tax purposes it may be subject to income tax by direct assessment even where paid without withholding. However, interest with a UK source received without deduction or withholding on account of UK tax will not be chargeable to UK tax in the hands of a Noteholder who is not resident for tax purposes in the UK unless that Noteholder carries on a trade, profession or vocation in the UK through a UK branch or agency or for holders who are companies through a UK permanent establishment, in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Information Reporting

HM Revenue & Customs have powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HM Revenue & Customs may be provided to tax authorities in other countries.

United Kingdom Stamp Duty and Stamp Duty Reserve Tax (SDRT)

No stamp duty or stamp duty reserve tax is payable on issue or transfer of the Notes.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the ***EU Savings Directive***), certain Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or other similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above (the ***Amending Directive***). Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. The EU Savings Directive will also apply a “look through approach” to payments made via certain persons, entities or legal arrangements (including trusts and partnerships), where certain conditions are satisfied, where an individual resident in a Member State is regarded as the beneficial owner of the payment for the purposes of the EU Savings Directive. This approach may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is instead required (unless during such period it elects otherwise) to operate a withholding tax in relation to such payments. Luxembourg, which before 1 January 2015 also operated a withholding tax under the transitional rules, has now replaced such withholding tax with the information reporting regime described above. The transitional period will end after agreement on exchange of information is reached between the EU and certain non-EU states. A number of non-EU countries and territories (including Switzerland) have adopted equivalent measures (a withholding system in the case of Switzerland).

However, the European Commission has proposed the repeal of the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Investors who are in any doubt as to their position should consult their professional advisors.

The proposed financial transaction tax (FTT)

The European Commission has published a proposal (the Commission’s Proposal) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

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

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

Joint statements issued by participating Member States indicated an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States, and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

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

IRISH TAXATION

The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Notes based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Noteholders who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, such as dealers in securities, trusts etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective Noteholders should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Taxation of Noteholders

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest which should include interest payable on the Notes. The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note so long as the interest paid on the relevant Note falls within one of the following categories and meets the relevant conditions:

1. Interest paid on a quoted Eurobond

The Notes are quoted Eurobonds i.e. securities which are issued by a company (such as the Issuer), listed on a recognised stock exchange (such as the Irish Stock Exchange) and which carry a right to interest. Provided that the Notes issued carry an amount in respect of interest and are listed on the Irish Stock Exchange (or any other recognised stock exchange), interest paid on them can be paid free of withholding tax where:

- (a) the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:
 - (i) the Notes are held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are, among others, so recognised); or
 - (ii) the person who is the beneficial owner of the Notes and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form; and
- (b) one of the following conditions is satisfied:
 - (i) the Noteholder is resident for tax purposes in Ireland or, if not so resident, is otherwise within the charge to corporation tax in Ireland in respect of the interest or other distribution; or
 - (ii) the interest is, under the laws of a relevant territory, subject, without any reduction computed by reference to the amount of such interest or other distribution, to a tax in a relevant territory which corresponds to income tax or corporation tax in Ireland and which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory; or
 - (iii) the Noteholder is not a company which, directly or indirectly, controls the Issuer, is controlled by the Issuer, or is controlled by a company which also directly or indirectly controls the Issuer, and neither the Noteholder, nor any person connected with the Noteholder, is a person or persons:
 - (1) from whom the Issuer has acquired assets;
 - (2) to whom the Issuer has made loans or advances; or
 - (3) with whom the Issuer has entered into a swap agreement,

where the aggregate value of such assets, loans, advances or swap agreements represents not less than 75 per cent. of the aggregate value of the assets of the Issuer; or

- (iv) at the time of issue of the Notes, the Issuer was not in possession, or aware, of any information which could reasonably be taken to indicate whether or not the interest or other distribution would be subject, without any reduction computed by reference to the amount of such interest or other distribution, to tax in a relevant territory which generally applies to profits, income or gains received in that territory by persons from sources outside that territory,

where the term:

"relevant territory" means a Member State of the European Union (other than Ireland) or a country with which Ireland has signed a Double Tax Treaty (**"Relevant Territory"**); and

"swap agreement" means any agreement, arrangement or understanding that

- (1) provides for the exchange, on a fixed or contingent basis, of one or more payments based on the value, rate or amount of one or more interest or other rates, currencies, commodities, securities, instruments of indebtedness, indices, quantitative measures, or other financial or economic interests or property of any kind, or any interest therein or based on the value thereof, and
- (2) transfers to a person who is a party to the agreement, arrangement or understanding or to a person connected with that person, in whole or in part, the financial risk associated with a future change in any such value, rate or amount without also conveying a current or future direct or indirect ownership interest in an asset (including any enterprise or investment pool) or liability that incorporates the financial risk so transferred.

Thus, so long as the Notes continue to be quoted on the Irish Stock Exchange, are held in Euroclear and/or Clearstream, Luxembourg, and one of the conditions set out in paragraph 1(b) above is met, interest on the Notes can be paid by any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax. If the Notes continue to be quoted but cease to be held in a recognised clearing system, interest on the Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent outside Ireland and one of the conditions set out in paragraph 1(b) above is met.

2. Interest paid by a qualifying company in the ordinary course of business to certain non-residents

If, for any reason, the quoted Eurobond exemption referred to above ceases to apply, interest payments may still be made free of withholding tax provided that:

- (a) either:
 - (i) the Issuer remains a "qualifying company" as defined in Section 110 of the TCA and the Noteholder is a person which is resident in a Relevant Territory, and where the recipient is a company, the interest is not paid to it in connection with a trade or business carried on by it in Ireland through a branch or agency; or
 - (ii) the interest is paid in the ordinary course of the Issuer's business and the Noteholder is:
 - (1) a body corporate which (1) by virtue of the law of a Relevant Territory, is resident in the Relevant Territory for the purposes of tax, and that Relevant Territory imposes a tax which generally applies to interest receivable in that Relevant Territory by bodies corporate from sources outside that Relevant Territory, and (2) does not receive the interest payment in connection with a trade or business which is carried on in Ireland by it through a branch or agency; or

- (2) a body corporate where (1) the interest payable to it is exempted from the charge to income tax under a double taxation treaty in force between Ireland and another territory, or would be exempted from the charge to income tax if a double taxation treaty made between Ireland and another territory on or before the date of payment, but not yet in force, had the force of law when the interest was paid, and (2) it does not receive the interest payment in connection with a trade or business which is carried on in Ireland by it through a branch or agency; and
- (b) one of the following conditions is satisfied:
 - (i) the Noteholder is a pension fund, government body or other person (which satisfies paragraph 1(b)(iii) above), who is resident in a Relevant Territory and who, under the laws of that territory, is exempted from tax which corresponds to income tax or corporation tax in Ireland and which generally applies to profits, income or gains in that territory; or
 - (ii) the interest or other distribution is subject, without any reduction computed by reference to the amount of such interest or other distribution, to a tax in a Relevant Territory which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory.

The Issuer must be satisfied that the respective terms of the exemptions are satisfied. The test of residence in each case is determined by reference to the law of the Relevant Territory in which the Noteholder claims to be resident.

For other holders of Notes, interest may be paid free of withholding tax if the Noteholder is resident in a Double Tax Treaty country and under the provisions of the relevant treaty with Ireland such Noteholder is exempt from Irish tax on the interest and clearance in the prescribed form has been received by the Issuer before the interest is paid.

Encashment Tax

In certain circumstances (eg quoted Eurbonds), Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Note, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

Income Tax, PRSI and Universal Social Charge

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish tax with respect to such interest. Noteholders resident or ordinarily resident in Ireland who are individuals may be liable to pay Irish income tax, pay-related social insurance (PRSI) contributions and the universal social charge in respect of interest they receive on the Notes.

Interest paid on the Notes may have an Irish source and therefore may be within the charge to Irish income tax, notwithstanding that the Noteholder is not resident in Ireland. In the case of Noteholders who are non-resident individuals such Noteholders may also be liable to pay the universal social charge in respect of interest they receive on the Notes.

Ireland operates a self-assessment system in respect of tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

There are a number of exemptions from Irish income tax available to certain non-residents. Firstly, interest payments paid by the Issuer are exempt from income tax so long as the Issuer is a qualifying company for the purposes of Section 110 of the TCA, the recipient is not resident in Ireland and is resident in a Relevant Territory and, the interest is paid out of the assets of the Issuer. Secondly, interest payments made by the Issuer in the ordinary course of its trade or business to a company are exempt from income tax provided the recipient company is not resident in Ireland and is either resident for tax purposes in a Relevant Territory which imposes a tax that generally applies to interest receivable in that territory by companies from sources outside that territory or the interest is exempted from the charge to Irish income tax under the terms of a double tax

agreement which is either in force or which will come in to force once all ratification procedures have been completed. Thirdly, interest paid by the Issuer free of withholding tax under the quoted Eurobond exemption is exempt from income tax where the recipient is a person not resident in Ireland and resident in a Relevant Territory or is a company not resident in Ireland which is under the control, whether directly or indirectly, of person(s) who by virtue of the law of a Relevant Territory is resident for the purposes of tax in a Relevant Territory and are not under the control of person(s) who are not so resident, or is a company not resident in Ireland where the principal class of shares of the company or its 75% parent is substantially and regularly traded on a recognised stock exchange. For the purposes of these exemptions and where not specified otherwise, residence is determined under the terms of the relevant double taxation agreement or in any other case, the law of the country in which the recipient claims to be resident. Interest falling within the above exemptions is also exempt from the universal social charge.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Relief from Irish income tax may also be available under the specific provisions of a Double Tax Treaty between Ireland and the country of residence of the recipient.

Interest on the Notes which does not fall within the above exemptions is within the charge to income tax, and, in the case of Noteholders who are individuals, the charge to the universal social charge. In the past the Irish Revenue Commissioners have not pursued liability to income tax in respect of persons who are not regarded as being resident in Ireland except where such persons have a taxable presence of some sort in Ireland or seek to claim any relief or repayment in respect of Irish tax. However, there can be no assurance that the Irish Revenue Commissioners will apply this treatment in the case of any Noteholder.

Capital Gains Tax

A Noteholder will not be subject to Irish tax on capital gains on a disposal of Notes unless such Noteholder is either resident or ordinarily resident in Ireland or carries on a trade in Ireland through a branch or agency in respect of which the Notes were used or held.

Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs, is currently levied at 33 per cent.) if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) on the relevant date or (ii) if the Notes are regarded as property situate in Ireland (i.e. if the Notes are physically located in Ireland or if the register of the Notes is maintained in Ireland).

Stamp Duty

No stamp duty or similar tax is imposed in Ireland (on the basis of an exemption provided for in Section 85(2)(c) of the Stamp Duties Consolidation Act, 1999 so long as the Issuer is a qualifying company for the purposes of Section 110 of the TCA and the proceeds of the Notes are used in the course of the Issuer's business) on the issue, transfer or redemption of the Notes.

EU Savings Directive

Ireland has implemented the EC Council Directive 2003/48/EC on the taxation of savings income into national law. Accordingly, any Irish paying agent making an interest payment on behalf of the Issuer to an individual or certain residual entities resident in another Member State of the European Union or certain associated and dependent territories of a Member State will have to provide details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address) to the Irish Revenue Commissioners who in turn is obliged to provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

The Issuer, or any person acting on behalf of the Issuer, shall be entitled to require Noteholders to provide any information regarding their tax status, identity or residency in order to satisfy the disclosure requirements in

Directive 2003/48/EC and Noteholders will be deemed by their subscription for Notes to have authorised the automatic disclosure of such information by the Issuer, or any person or agent acting on behalf of the Issuer, to the relevant tax authorities.

Prospective holders of Notes should note that an amended version of the EU Savings Directive was adopted by the European Council on 24 March 2014, which is intended to close loopholes identified in the current EU Savings Directive. The amendments, which must be transposed by Member States prior to 1 January 2016 and which will apply from 1 January 2017, will extend the scope of the EU Savings Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

FATCA imposes a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (the "**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or deemed to be in compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the **grandfathering date**, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. Consequently, if the Notes are characterised as debt for U.S. federal tax purposes, withholding under FATCA would not apply to foreign passthru payments made in respect of the Notes absent a material modification or further issuance after the grandfathering date.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Ireland have entered into an agreement (the "**U.S.-Ireland IGA**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the U.S.-Ireland IGA, it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any Paying Agent or the common depository, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA – compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited and Lloyds Bank plc (the "**Joint Lead Managers**") have agreed, pursuant to a subscription agreement dated on or about the Closing Date (the "**Subscription Agreement**"), between the Joint Lead Managers and the Issuer, subject to certain conditions, that Citigroup Global Markets Limited will subscribe and pay or procure subscriptions for agreed amounts of each of the Notes at 100 per cent. of their principal amount.

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

The following acknowledgments, agreements, undertakings and representations have been given by the Joint Lead Managers on a several and not a joint basis.

United States of America

The Joint Lead Managers under the Subscription Agreement have acknowledged that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons. The Joint Lead Managers under the Subscription Agreement represent, warrant and agree that they have not offered or sold, and will not offer or sell, any Notes constituting part of their allotment within the United States or to, or for the account or benefit of, U.S. Persons. The Joint Lead Managers also represent, warrant and agree under the Subscription Agreement that they have offered and sold the Notes, and will offer and sell the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the Closing Date (the "**distribution compliance period**") only in accordance with Rule 903 of Regulation S under the Securities Act. The Joint Lead Managers agree that, at or prior to confirmation of sale of the Notes, they will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from them during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the Securities Act), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. Persons. Terms used above have the meaning given to them by Regulation S.”

Defined terms used above have the meaning given to them by Regulation S.

The Joint Lead Managers under the Subscription Agreement represent and agree that neither they, their affiliates nor any persons acting on their or their affiliates' behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act) with respect to the Notes, and it and they have complied and will comply with the Offering Restrictions (as defined in Regulation S under the Securities Act).

The Joint Lead Managers under the Subscription Agreement represent, warrant and agree that they have and throughout the restricted period will have in effect procedures reasonably designed to ensure that their employees or agents who are directly engaged in selling the Notes are aware that the Notes may not be offered or sold to a person who is within the United States or their possessions or to a U.S. Person.

Citigroup Global Markets Limited, under the Subscription Agreement represents that it is acquiring Notes for purposes of resale in connection with their original issuance and that if it retains any Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6).

The Joint Lead Managers under the Subscription Agreement agree that, with respect to each affiliate that acquires from them Notes for the purpose of offering or selling such Notes during the restricted period, they either (i) repeat and confirm the representations and agreements contained in the preceding two paragraphs, on its behalf, or (ii) will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in the preceding two paragraphs.

United Kingdom

The Joint Lead Managers have represented and agreed that except as permitted by the Subscription Agreement:

- (a) they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("FSMA")) received by them in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Ireland

Subscription and Sale: Ireland

The Joint Lead Managers have further represented and agreed that:

- (a) they will not underwrite the issue of, or place or otherwise act in respect of any Notes other than in compliance with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005, as amended, of Ireland and any rules issued under Section 1370 of the Companies Act 2014 by the Central Bank;
- (b) they will not underwrite the issue of, or place the Notes, otherwise than in conformity than with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3), as amended, including, without limitation, Regulations 7 and 152 thereof and any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998 (as amended) of Ireland;
- (c) they will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Act 2014, the Central Bank Acts 1942-2014 (as amended), and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989,

as each of the foregoing may be amended, restated, varied, supplemented and/or otherwise replaced from time to time.

General

Other than the approval by the Central Bank of this Offering Circular as a prospectus in accordance with the requirements of the Prospectus Directive and implementing measures in Ireland, application having been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market and the filing of this Offering Circular as a prospectus with the Companies Registration Office in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Offering Circular does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Joint Lead Managers have undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 24 August 2015.
2. It is expected that admission of the Notes to the Official List of the Irish Stock Exchange and to trading on its regulated market will be granted on or about the Closing Date, subject only to the issue of the Global Note. The listing of the Notes will not occur if the Global Note is not issued. Transactions will normally be effected for sterling in sterling and for delivery on the third working day after the day of the transaction.
3. The Global Note has been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

Common Code	ISIN
1288858977	XS1288858977

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. For so long as the Notes are admitted on the Official List of the Irish Stock Exchange and to trading on its regulated market, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified office of the Paying Agent. The Issuer does not publish interim accounts.
5. The Issuer is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position or profitability.
6. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement being a contract entered into other than in its ordinary course of business.
7. Copies of the following documents may be inspected by Noteholders in physical form during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) and upon request by Noteholders at the specified offices of the Principal Paying Agent and at the registered office of the Issuer for so long as any of the Notes are listed on the Irish Stock Exchange:
 - (a) the memorandum and articles of association of the Issuer;
 - (b) the constitutional documents of the Borrower, Obligors and JPUT Trustees;
 - (c) the audited financial statements of the Additional Guarantors as included at Appendix 4⁷;
 - (d) the following documents and any amendments thereto from time to time:
 - (i) the Note Trust Deed;
 - (iii) the Deed of Charge and Assignment;
 - (iv) the Cash Management Agreement;
 - (v) the Issuer Corporate Services Agreement;
 - (vi) the Agency Agreement; and

⁷ The appended financial statements show different financial year end dates as they reflect the transition period where the financial year was changed to match the previous owner's financial year end.

- (vii) the Master Definitions and Construction Schedule;
- (e) the Initial Valuation; and
- (f) the Senior Facility Agreement and the Transaction Security Documents (and any amendments thereto from time to time),

save that any such document will, only be available for inspection during the abovementioned hours at the specified offices of the Principal Paying Agent and at the registered office of the Issuer and in no circumstances will copies of the same be available physically, electronically or through any website.

For the purposes of this paragraph 7, only those Noteholders which have satisfied the Principal Paying Agent in accordance with Conditions 12(e)(iv) and 12(f) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) that they are a Noteholder will be entitled to inspect copies of the documents referred to above.

8. The Note Trust Deed and the Deed of Charge and Assignment will provide that the Note Trustee and the Issuer Security Trustee may rely on reports or other information from professional advisors or other experts (whether addressed to or obtained by the Issuer, the Note Trustee, the Issuer Security Trustee or any other person) in accordance with the provisions of the Note Trust Deed and the Deed of Charge and Assignment respectively, whether or not such report or other information or engagement letter or other document entered into by the Note Trustee or the Issuer Security Trustee (as the case may be) and the relevant person in connection thereto, contains any monetary or other unit as the liability of the relevant professional advisor or expert.
9. Except as is outlined in the sections of this Offering Circular entitled "*CASH MANAGEMENT*", the Issuer does not intend to provide any post-issuance information in relation to the Notes.
10. No website referred to in this Offering Circular forms part of this Offering Circular for the purposes of the listing of the Notes on the Irish Stock Exchange or for the purposes of the approval of this Offering Circular as a Prospectus.
11. CBRE Limited, the Valuer who carried out the Initial Valuation, is a member of the RICS. Its registered address is St Martin's Court, 10 Paternoster Row, London EC4M 7HP.
12. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

**APPENDIX 1
THE PROPERTIES**

**PART 1
THE KING'S CROSS PROPERTY**

Allocated Loan Amount: £172,250,000

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)
The Freehold property described as 188 to 208 (even) Pentonville Road, London ⁸	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS London Portfolio II Unit Trust	NGL174761	N/A
The student housing premises located at 188 to 208 (even) Pentonville Road, London	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS King's Cross Unit Trust	NGL889017	Ground lease dated 14 September 2007 between (1) King's Cross S.a.r.l. and (2) King's Cross Student Housing SFgener.a.r.l.
The student housing premises located at 188 to 208 (even) Pentonville Road, London	Nido King's Cross Limited	Nido King's Cross Limited	NGL889018	Underlease dated 14 September 2007 between (1) King's Cross Student Housing S.a.r.l. and (2) Nido King's Cross Limited
The Leasehold property described as King's Cross House, 200 Pentonville Road, London N1 9JS	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS King's Cross Unit Trust	EGL535867	Ground lease dated 26 March 2008 between (1) King's Cross S.a.r.l. and (2) Kings Scross Retail S.a.r.l.
The Leasehold property described as King's Cross House, 200 Pentonville Road, London N1 9JS	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS King's Cross Unit Trust	EGL538627	Ground lease dated 9 May 2008 between (1) King's Cross S.a.r.l. and (2) King's Cross Residential S.a.r.l.
The Leasehold property described as King's Cross House, 200 Pentonville Road, London N1 9JS	KX Residential Limited	KX Residential Limited	EGL554683	Underlease dated 1 April 2009 between (1) King's Cross Residential S.a.r.l. and (2) KX Residential Limited
The Leasehold property described as King's Cross House, 200	GREP London Portfolio II Trustee 1 Limited and GREP London	GS King's Cross Unit Trust	EGL554688	Ground lease dated 1 April 2009 between (1) King's Cross S.a.r.l. and (2) King's Cross

⁸ To be transferred to GS King's Cross on the Second Transfer Date.

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)
Pentonville Road, London N1 9JS	Portfolio II Trustee 2 Limited			Residential S.a.r.l.
The Leasehold property described as King's Cross House, 200 Pentonville Road, London N1 9JS	KX Residential Limited	KX Residential Limited	EGL554693	Underlease dated 1 April 2009 between (1) King's Cross Residential S.a.r.l. and (2) KX Residential Limited
The Leasehold property described as King's Cross House, 200 Pentonville Road, London N1 9JS	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS King's Cross Unit Trust	AGL255177	Underlease (date unknown)

**PART 2
THE NOTTING HILL PROPERTY**

Allocated Loan Amount: £28,600,000

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)
The Freehold property described as 1 Alderson Street, London W10 5JY	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS Notting Hill Unit Trust	BGL74474	N/A
The Leasehold property described as Student Housing Nido Notting Hill, 1 Alderson Street, London W10 5JY	Nido Notting Hill Limited	Nido Notting Hill Limited	BGL84431	Ground lease dated 16 August 2010 between (1) Nido Notting Hill S.a.r.l. and (2) Nido Notting Hill Limited

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)
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PART 3
THE SPITALFIELDS PROPERTY

Allocated Loan Amount: £189,150,000

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)
The Freehold property located at Frying Pan Alley, London E1 7HS ⁹	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS London Portfolio II Unit Trust	LN77541	N/A
The Leasehold property described as Nido Tower, 9 Frying Pan Alley, London E1 7HS	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS Spitalfields Unit Trust	EGL575183	Ground lease dated 30 June 2010 between (1) Middlesex S.a.r.l. and (2) Middlesex Student Housing S.a.r.l.
The Leasehold property described as Nido Tower, 9 Frying Pan Alley, London E1 7HS	Nido Spitalfields Limited	Nido Spitalfields Limited	EGL575184	Underlease dated 30 June 2010 between (1) Middlesex Student Housing S.a.r.l. and (2) Nido Spitalfields Limited

⁹ To be transferred to GS Spitalfields on the Second Transfer Date.

The Leasehold property described as Nido Tower, 9 Frying Pan Alley, London E1 7HS	Nido Spitalfields Limited	Nido Spitalfields Limited	EGL575185	Underlease dated 12 August 2010 between (1) Middlesex Student Housing S.a.r.l. and (2) Nido Spitalfields Limited
The Leasehold property described as Nido Tower, 9 Frying Pan Alley, London E1 7HS	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS Spitalfields Unit Trust	EGL576331	Ground lease dated 12 August 2010 between (1) Middlesex S.a.r.l. and (2) Middlesex Retail S.a.r.l.
The Leasehold property described as Flats 1 to 11 Monument Apartments, 6 Strype Street, London E1 7AB	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS Spitalfields Unit Trust	AGL219879	Ground lease dated 10 September 2010 between (1) Middlesex S.a.r.l. and (2) Middlesex Residential S.a.r.l.
The Leasehold property described as Flats 1 to 11 Monument Apartments, 6 Strype Street, London E1 7AB	MX Residential Limited	MX Residential Limited	AGL220239	Underlease dated 10 September 2010 between (1) MX Residential S.a.r.l. and (2) MX Residential Limited
The Leasehold property described as Car Park at Nido Tower, Frying Pan Alley, London	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS Spitalfields Unit Trust	EGL576361	Underlease dated 30 June 2010 between (1) Middlesex Student Housing S.a.r.l. and (2) Middlesex Residential S.a.r.l.
The Leasehold property described as Car Park at Nido Tower, Frying Pan Alley, London	MX Residential Limited	MX Residential Limited	EGL576365	Sub-underlease (date unknown)
The Leasehold property described as Parking space, Nido Tower, Frying Pan Alley, London	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS Spitalfields Unit Trust	AGL230392	Sub-underlease (date unknown)
The Leasehold property described as land adjoining 100 Middlesex Street, London E1 7EZ	GREP London Portfolio II Trustee 1 Limited and GREP London Portfolio II Trustee 2 Limited	GS Spitalfields Unit Trust	AGL219493	Underlease (date unknown)

APPENDIX 2
FORM OF NOTEHOLDER QUARTERLY PROPERTY REPORT

	<u>Actual</u>			<u>Historical</u>
Operating Data	Current Quarter	YTD	LTM	Prior Year Quarter
Portfolio blended room rate per week (£)	[•]	[•]	[•]	[•]
Portfolio blended occupancy (%)	[•]	[•]	[•]	[•]
Portfolio Cashflow	Current Quarter	YTD	LTM	Prior Year Quarter
	£	£	£	£
Net Rental Income	[•]	[•]	[•]	[•]
Residential Income	[•]	[•]	[•]	[•]
Commercial Income	[•]	[•]	[•]	[•]
Car Park	[•]	[•]	[•]	[•]
Other Income	[•]	[•]	[•]	[•]
Summer Income	[•]	[•]	[•]	[•]
Total Revenue	[•]	[•]	[•]	[•]
Total Portfolio Expenses (including Opex & PM Fees)	[•]	[•]	[•]	[•]
Net Operating Income	[•]	[•]	[•]	[•]
Capex Spent				
VAT on PM Fee	[•]	[•]	[•]	[•]
Admin and Structuring Cost	[•]	[•]	[•]	[•]
Net Cash Flow	[•]	[•]	[•]	[•]

APPENDIX 3
INITIAL VALUATION

VALUATION REPORT

The NIDO Portfolio

Odin Finance DAC

Valuation Date: 10 April 2015

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

- (i) Addressees of the Report; or
- (ii) Parties who have received prior written consent from CBRE in the form of a reliance letter.

This Report is to be read and construed in its entirety and reliance on this Report is strictly subject to the disclaimers and limitations on liability on page 18. Please review this information prior to acting in reliance on the contents of this Report. If you do not understand this information, we recommend you seek independent legal counsel.

Valuation Report

Report Date	27 August 2015
Addressee	Odin Finance DAC 1 Grant's Row Lower Mount Street Dublin 2 Ireland
The Properties	The properties are the following: Nido King's Cross, 200 Pentonville Road, London, N1 9JP Nido Spitalfields, 9 Frying Pan Alley, London E1 7HS Nido Notting Hill, 1 Alderson Street, London, W10 5JY
Instruction	To value on the basis of Market Value the Properties as at the valuation date in accordance with your instructions dated 31 March 2015.
Valuation Date	10 April 2015.
Capacity of Valuer	External.
Purpose of Valuation	<p>The valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Professional Standards (January 2014 ('Red Book')). We understand that our valuation report will be required for inclusion in a Prospectus ('the Prospectus') which is to be published by Odin Finance DAC pursuant to an Offering by Odin Finance DAC on the main market of the Irish Stock Exchange as a result of which Notes of £100,000,000 will be admitted to and traded on the Irish Stock Exchange Main Market.</p> <p>The effective date of valuation is 10 April 2015.</p>
Market Value	<p>£599,455,000 (FIVE HUNDRED AND NINETY NINE MILLION FOUR HUNDRED AND FIFTY FIVE THOUSAND POUNDS) exclusive of VAT, as shown in the Schedule of Capital Values set out below.</p> <p>We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.</p> <p>Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.</p>

Market Value on the Special Assumption of SPV Costs (0% SDLT)

Our valuation based on the Special Assumption that the properties are purchased within an SPV and 0% SDLT applies, our opinion of the Market Values is as follows:

£611,565,000 (SIX HUNDRED AND ELEVEN MILLION, FIVE HUNDRED AND SIXTY FIVE THOUSAND POUNDS), exclusive of VAT, as shown in the Schedule of Capital Values below.

Security

We are of the opinion that the property interests provide suitable security for mortgage purposes although we have not been provided with the terms of the loan and cannot therefore comment on their suitability having regard to the nature of the Properties.

Report Format

The Appendix to this Valuation Report provides the Property Details and Market Value of the Properties.

Compliance with Valuation Standards

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards January 2014 (“the Red Book”). The property details on which each valuation is based are as set out in this report.

The Valuations are compliant with the International Valuation Standards and the Prospectus Directive and with the relevant provisions of Irish prospectus law, as defined in the Investment Funds, Companies and Miscellaneous Provisions Act 2005 (‘The 2005 Act’), the update of the Prospectus Regulations of Ireland (as amended) (the ‘Irish Prospectus Regulations’), the Prospectus Rules for the time being issued by the Central Bank of Ireland under the 2005 Act (the ‘Irish Prospectus Rules’).

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuations competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

Assumptions

The property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from standard Assumptions

None, save as noted above under ‘Special Assumptions’.

**Student Accommodation
as an Asset Class**

Student accommodation is an income-driven property investment asset class. There are various letting models, including leases to universities, nomination agreements and lettings direct to students ('direct let') through an operator. The NIDO portfolio is mostly direct let to students, with some group bookings from universities, and a mixture of short term lets and long term lets.

Schemes are managed by an operator, and rooms in the residences are marketed and let to students who pay rents directly to the operator. Lettings are usually for 51 weeks in London, although in the NIDO portfolio there is a mixture of long term and short term lettings of between 4 weeks and 51 weeks. Costs of running the properties, including repair, maintenance, on-site staff, broadband, utilities, insurance, marketing and letting administration are borne by the landlord. In addition to the day to running costs, the operator will normally charge a management fee.

The success of direct let student accommodation schemes depends on location (proximity to campus locations, public transport, shops and bars and other locations of interest to students), specification, and the overall level of service provided on site.

Student accommodation has grown significantly in popularity as an investment asset class over the last 5 years, and is experiencing strong demand from investors in the current market conditions to its stable income producing potential and the opportunity to review the rents upward each year.

Valuation Methodology

We adopt Discounted Cash Flow (DCF) methodology in our valuations.

Gross Income

We adopt the room mix (number of each type) from the floorplans and/or the management budget provided by the managers. We then review the weekly advertised rents, and benchmark these against other market rents. We then apply the rents at which we believe the scheme will achieve full occupancy. Very often these rents are the advertised rents, but occasionally we apply rents which are more or less than these when compared to the wider market.

For the NIDO properties, our valuation was based on the actual latest available 'booked' income for the 2014/2015 academic year shortly before the date of valuation. As there was some vacancy in the scheme, and there are a proportion of short term lettings in the scheme, some additional income from short term lettings until the end of the year was assumed.

Of necessity, the income information was provided to us by the previous owner, Round Hill Capital, who operated the scheme until the recent sale.

We have included additional income derived from vending machines and the on-site launderette.

The term time rental income and additional income together form the gross rental income.

Please note that CBRE Limited has not reviewed any additional income or cost data since our valuation effective 10 April 2015. The income, letting and running cost position may have changed in the intervening period due to the change of ownership and we give no assurance whatsoever as to the current income and running cost position as at the date of the publication of the offering circular and the impact any changes in the income position could have had on the Market Values.

Market Rents

We have estimated the Market Rents based on comparable rental evidence. We have applied the market rents taking into account the size of the rooms and location within the building according to which floor (the rents increase as you go up the building) and direction of the view.

Management Costs

We reviewed the actual running costs associated with the scheme. The actual costs are considered to be very high by reference to the market. We have adopted running costs in line with market levels. This is because we believe that the hypothetical purchaser would assume that some running cost savings could be made.

The gross rental income minus the management costs are the net rental income.

Net Initial Yield

The key yield driver in our valuations is the net initial yield. We apply the net initial yield derived from comparable transactions to the net rental income. We provide an IRR calculation on our cash flows for illustrative purposes but it is not a key driver.

We had regard to the purchase price in the recent transaction of £600,000,000 (six hundred million pounds).

Rental Growth

The student housing sector offers an annual opportunity for rental growth. We model rental growth at 3-3.5% per annum. Key considerations in the amount of rental growth applied are the current rental levels, the letting track record at the property, the amount of competing schemes nearby and the degree of undersupply in the town.

We model cost growth at 3-3.5% per annum. Cost growth may be higher than rental growth in some towns.

Exit Yields

Exit is assumed at the end of the 10-year cash flow period. Our exit yield is typically 50 bps higher than the net initial yield applied. The exit yield is applied to the projected rental income at the end of the cash flow. We apply purchaser's costs to the exit value.

Purchaser's Costs

We allow for purchaser's costs in our valuations. Standard SDLT is 4% for valuations in excess of £500,000. We also allow for Agent's fees of 1% plus VAT and Legal Fees of 0.5% plus VAT, a total of 5.8%. The NIDO properties are held in Luxembourg-domiciled SPVs, which would not attract SDLT. We have also provided an opinion of the Market Values based on the Special Assumption the properties are sold within the SPVs and attract 0% SDLT.

Commercial Units

Some of the schemes have ground floor commercial units. We use Argus software to calculate the values of these units. Typically we apply an appropriate net initial yield to the existing income.

Where a unit is vacant, we capitalise the rental value and allow for a letting void, rent free period and void costs.

Market Conditions

The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the property had been properly marketed and exchange of contracts took place on this date.

Verification

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

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

Valuer

The Properties have been valued by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Ltd (or other companies forming part of the same group of companies within the UK) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK revenues.

It is not anticipated that this situation will vary in the financial year to 31 December 2015.

We confirm that we do not have any material interest in the Nido Portfolio.

No conflicts of interest arise in our undertaking valuations of these properties.

Disclosure

In accordance with the Red Book we make the following disclosures:
CBRE Limited has not continuously valued the property.

Responsibility

For the purposes of the Irish Prospectus Regulations, the Irish Prospectus Rules and the 2005 Act we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with the Irish Prospectus Regulations, the Irish Prospectus Rules and the Prospectus Directive.

Save for any responsibility arising under the above to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Conflicts of Interest

We confirm that we have had no previous material involvement with any of the properties, and that copies of our conflict of interest checks have been retained within the working papers.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents save as set out in 'Responsibility' above.

No reliance may be placed upon the contents of this Valuation Report by any party for any purposes other than in connection with the Purpose of Valuation.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Before this Valuation Report, or any part thereof, is disclosed orally or otherwise to a third party, CBRE's written approval of the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless where relevant it incorporates the Assumptions referred to herein. For the avoidance of doubt, such approval is required whether or not CBRE is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

Jo Winchester MRICS
Senior Director
RICS Registered Valuer
For and on behalf of CBRE Ltd

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E: michael.brodtman@cbre.com

Schedule of Capital Values

Properties held as an investment					
Address	Description	Current Net Rent	Current Market Rent	Market Values	Market Values on Special Assumption of 0% SDLT
NIDO Kings Cross 200 Pentonville Road, London, N1 9JP	NIDO Kings Cross is located in Central London, 320m to the east of King's Cross St Pancras National Rail and Underground station. NIDO Kings Cross comprises two 16-storey towers and is a mixed use property consisting of a student residence with 846 rooms (330,445 sq ft), 48 residential apartments (19,864 sq ft) and 2,602 sq m (28,010 sq ft) of commercial accommodation arranged in 5 units and 45 parking spaces. It was redeveloped to the current use in 2008.	£12,620,913	£13,500,353	£256,970,000	£260,815,000
	Freehold.				
NIDO Spitalfields 9 Frying Pan Alley, London, E1 7HS	NIDO Spitalfields is located in Central London, 300m to the east of Liverpool Street National Rail and Underground Station. NIDO Spitalfields is a mixed use property comprising a student residence with 1,158 rooms (473,789 sq ft), 11 private apartments (8,151 sq ft), and 1,127 sq m (12,136 sq ft) of commercial accommodation arranged in 6 units. NIDO Spitalfields comprises a 33-storey tower and was completed in 2010.	£14,888,885	£15,283,943	£295,975,000	£303,780,000
	Freehold.				

NIDO Notting Hill 1 Alderson Street, London, W10 5JY	NIDO Notting Hill is located in West London in the London Borough of Kensington and Chelsea. NIDO Notting Hill is located a 13 minute walk from Westbourne Park and a 20 minute walk from Ladbroke Grove Underground stations. The property is a student residence consisting of 272 rooms which was newly built and completed in August 2011. The student residence is a total of 66,738 sq ft	£2,510,347	£2,510,347	£46,510,000	£46,970,000
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Freehold.

Total		£30,020,145	£31,194,644	£599,455,000	£611,565,000
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Scope of Work & Sources of Information

Sources of Information

We have carried out our work based upon information supplied to us by Round Hill Capital, Greystar and Certificates of Title provided by Jones Day, as set out within this report and below, which we have assumed to be correct and comprehensive.

Nido Kings Cross:

- Non-Student Tenancy Schedule, Roundhill Capital, 27/01/2015
- Nido Room and Revenue Schedule, Greystar, 18/03/2015
- Certificate of Title, Jones Day, 10/04/2015
- Nido London Budget 2014/15, Roundhill, 03/02/2015
- KX 2014-15 Budget CURRENT, Roundhill, 22/01/2015
- Ancillary Income Breakdown ,Roundhill, 22/01/2015
- Student Revenue Budget 2015-16 , Roundhill, 28/01/2015
- Pre-Acquisition Due Diligence Report, Faulkers , 26/02/2015

Nido Spitalfields:

- Draft Certificate of Title, Freshfiled Bruck Deringer, 10/04/2015
- MX 2014-2015 Budget, Roundhill, 22/01/2015
- Nido Spitalfields Limited Reports and Financial Statements, Roundhill, 31 July 2014

Nido Notting Hill:

- Floor plans provided by on-site manager, Roundhill, 28 January 2015
- Due Diligence Summary Report by , Jones Day, 4 March 2015
- Draft Certificate of Title by Jones Day, 10 April 2015
- Structural Survey, Gyoury Self Partnership LLP, 4 March 2015
- Environmental Due Diligence Assessment, ProGEA, 4 March 2015
- NH Budget 2014-15 Budget, Roundhill, 22 January 2015

The Properties

Our report contains a brief summary of the property details on which our valuation has been based.

Inspections

We have internally inspected all properties on 28 January 2015.

Areas

We have not measured the Properties but have relied upon the floor areas provided to us.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

We have reviewed the following environmental reports in preparing our valuations:

Kings Cross: None.

Spitalfields: We have been previously provided with a Phase 2 Site Investigation and Environmental Risk Assessment, dated June 2006 and prepared by Waterman Environmental. The report was submitted in support of the planning application at the start of the construction phase for Nido Spitalfields.

Notting Hill: Environmental Due Diligence Assessment dated 4 March 2015 prepared by ProGEA.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

We have reviewed the following building survey reports:

Kings Cross: Pre-Acquisition Due Diligence report prepared by Fulkers dated 26 February 2015.

Spitalfields: Pre-Acquisition Due Diligence Report dated 26 February 2015 and prepared by Fulkers.

Notting Hill: Pre-Acquisition Due Diligence Report dated 17th February 2015 and prepared by Fulkers.

Town Planning

We have not undertaken planning enquiries.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which they are subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of

your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

We have reviewed the following legal due diligence:

Kings Cross: We reviewed a draft Certificate of Title prepared by Jones Day, received 10 April 2015

Spitalfields: We reviewed a draft Certificate of Title prepared by Jones Day, received 10 April 2015

Notting Hill: We have reviewed a Draft Certificate of Title prepared by Jones Day and received by us on 10 April 2015.

Valuation Assumptions

Capital Values

Each valuation has been prepared on the basis of "Market Value", which is defined as:

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

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

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent.

The Property

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

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

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

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

- (a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;
- (b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.
- (c) the properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive, and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that the Energy Act 2011 is due to come into force in England and Wales no later than 1 April 2018 (although it may be earlier), and in Scotland, no earlier than April 2015. From such date, it will be unlawful for landlords to rent out a residential or business premise unless they have reached a minimum energy efficient standard – most likely, 'E' – or carried out the maximum package of measures funded under the 'Green Deal' or the Energy Company Obligation (ECO).
- (d) the properties are either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the property. Our valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition

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

- (a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;
- (b) the Properties are free from rot, infestation, structural or latent defect;
- (c) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and
- (d) the services, and any associated controls or software, are in working order and free from defect.

**Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local Authority
requirements**

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- (c) the Properties are not adversely affected by town planning or road proposals;
- (d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;
- (e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the Disability Discrimination Act 1995;
- (f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
- (g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- (h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- (i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- (ii) where more than 50% of the floorspace of a property is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;

- (k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and
- (l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.
- (m) Stamp Duty Land Tax (SDLT) will apply at the rate currently applicable in the UK. However, we would draw your attention to the fact that in Scotland, SDLT will be replaced by a Land and Buildings Transaction Tax (LABTT) with effect from 1 April 2015. In advance of the rates and tax bands being set for LABTT, we have assumed that they will be the same as for SDLT.

LEGAL NOTICE

This valuation report (the "**Report**") has been prepared by CBRE Ltd ("**CBRE**") exclusively for Citibank N.A. (the "**Client**") in accordance with the terms of the instruction letter dated 31 March 2015 ("the **Instruction**"). The Report is confidential and it must not be disclosed to any person other than the Client without CBRE's prior written consent. CBRE has provided this report on the understanding that it will only be seen and used by the Client and no other person is entitled to rely upon it, unless CBRE has expressly agreed in writing. Where CBRE has expressly agreed that a person other than the Client can rely upon the report then CBRE shall have no greater liability to any party relying on this report than it would have had if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to all parties, howsoever arising under, in connection with or pursuant to reliance upon this Report, and whether in contract, tort, negligence or otherwise shall not exceed the lower of:

- (i) 25% of the value of the property to which the Instruction relates on the date of the Instruction; or
- (ii) £40million (FORTY MILLION Pounds); and

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

APPENDIX 4
AUDITED FINANCIAL STATEMENTS

Company Registration No. 06691908

KX Residential Limited

Report and Financial Statements

Period ended 31 July 2014

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COMPANIES HOUSE



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KX Residential Limited

Report and financial statements 2014

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Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Notes to the accounts	9

KX Residential Limited

Report and financial statements 2014

Officers and professional advisers

Directors

Sebastian von Ribbentrop
Peter Hills
Jade Moore
Neil Burton

Registered Office

9 Frying Pan Alley
London
E1 7HS

Bankers

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

Auditor

Deloitte LLP
Chartered Accountants
London

KX Residential Limited

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 July 2014.

The financial statements have been prepared in accordance with the special provisions relating to small companies under s418 of the Companies Act 2006 and therefore no strategic report is presented and the directors' report makes use of the exemptions allowable.

Principal activity and business review

The principal activity of the Company is the operation of a private residential accommodation business based in King's Cross, London.

The business continues to perform well, the flats are all occupied and demand remains strong. Cash flow position is also good with rent paid in advance and no issues with bad debtors. King's Cross is becoming an increasingly popular area for renting for young professionals. The directors anticipate that the business will continue to trade profitably in the coming period.

The Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

Results and dividends

The results of the Company for the period are shown on page 7. The profit on ordinary activities after taxation for the period is £22,217 (31 December 2013: £30,927). The directors do not recommend the payment of a dividend (31 December 2013: £nil).

Principal risk and uncertainties

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Future profitability is dependent on market conditions within the London rental market which is robust and expected to grow each year.

There is also a risk of residential tenant debtors affecting the Company's cash flow and its ability to make supplier payments. However, residential tenant debtors have been tightly controlled and as yet there have been no problems with bad debts. Additionally, this risk is mitigated by upfront payments from tenants.

Finally, there is a loan in place between Kings Cross Residential Sarl (the parent company of KX Residential Limited) and The Prudential Assurance Company Limited. KX Residential Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

Indemnities and insurance

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the Company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

KX Residential Limited

Directors' report

Directors

The directors, who served throughout the period except as noted, are listed on page 1.

Auditor

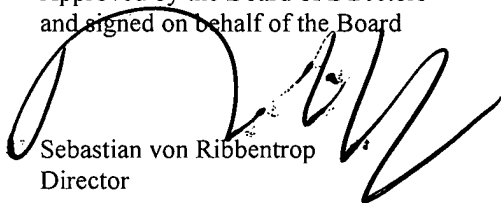
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Sebastian von Ribbentrop
Director

23 January 2015

KX Residential Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of KX Residential Limited

We have audited the financial statements of KX Residential Limited for the period ended 31 July 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of KX Residential Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were entitled to take advantage of the small companies exemption in preparing the Directors' Report.



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 | 1 2015

KX Residential Limited

Profit and loss account Period ended 31 July 2014

		Period ended 31 July 2014 £	Year ended 31 December 2013 £
	Notes		
Turnover	1	623,071	1,086,467
Administrative expenses	2	(605,207)	(1,053,928)
Operating profit		17,864	32,539
Interest receivable and similar income		10,033	27,178
Interest payable and similar charges		(4,617)	(4,322)
Profit on ordinary activities before taxation	3	23,280	55,395
Tax on profit on ordinary activities	4	(1,063)	(24,468)
Profit for the period		22,217	30,927

All activities derive from continuing operations.

There are no other recognised gains or losses in either year other than those in the profit and loss account.
Accordingly a statement of total recognised gains and losses is not presented.

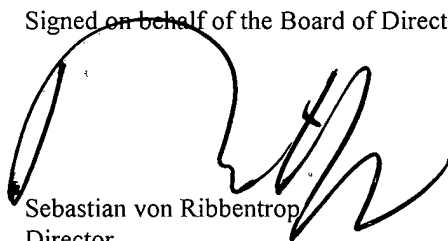
KX Residential Limited

Balance sheet 31 July 2014

	Notes	31 July 2014 £	31 December 2013 £
Current assets			
Debtors	6	581,453	448,420
Cash at bank and in hand		357,030	517,237
		<u>938,483</u>	<u>965,657</u>
Creditors: amounts falling due within one year	7	<u>(789,252)</u>	<u>(838,643)</u>
Net current assets		<u>149,231</u>	<u>127,014</u>
Total assets less current liabilities		<u>149,231</u>	<u>127,014</u>
Capital and reserves			
Called up share capital	9	10,000	10,000
Profit and loss account	10	139,231	117,014
Total equity shareholders' funds		<u>149,231</u>	<u>127,014</u>

The financial statements of KX Residential Limited, registered number 06691908 were approved by the Board of Directors on 23 January 2015.

Signed on behalf of the Board of Directors



Sebastian von Ribbentrop
Director

KX Residential Limited

Notes to the accounts **Period ended 31 July 2014**

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Director's report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover is derived from the United Kingdom and stated net of VAT.

Interest income

Interest income is accounted for on an accruals basis.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Operating lease

The Company has operating lease agreement with its parent company in relation to land and buildings for an amount which is dependent on the performance of the business. The amount is calculated in accordance with the agreement.

KX Residential Limited

Notes to the accounts Period ended 31 July 2014

2. Administrative expenses

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
External charges	188,127	395,166
Operating lease rentals	396,685	635,052
Fees payable to the Company's auditors for audit services	16,270	17,510
Fees payable to the Company's auditors for taxation services	4,125	6,200
	<u>605,207</u>	<u>1,053,928</u>

3. Information regarding directors and employees

Directors' remuneration

During the period the directors of the Company received no remuneration for their services to the Company (2013: £nil)

There are no direct employees of the Company (2013: none).

4. Tax on profit on ordinary activities

a) Analysis of tax charge on ordinary activities

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Current tax		
United Kingdom corporation tax at 21.86% (2013: 23.25%) based on the profit for the period	4,983	19,787
Adjustment in respect of prior years	(4,025)	2,606
Total current tax (note 4b)	<u>958</u>	<u>22,393</u>
Deferred tax		
Timing differences, origination and reversal	95	(434)
Impact of rate exchange on opening deferred tax asset	-	73
Adjustment in respect of prior years	10	2,436
Total deferred tax	<u>105</u>	<u>2,075</u>
Total tax charge for the period	<u>1,063</u>	<u>24,468</u>

The corporate tax expense for the period is based on the blended UK statutory rate of corporation tax for the period of 21.86% (2013: 23.25%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 23% to 21% from 1 April 2014, which was enacted on 2 July 2014.

KX Residential Limited

Notes to the accounts Period ended 31 July 2014

4. Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the period

The tax charge assessed for the period is lower than (2013: higher) the standard blended rate of corporation tax in the UK of 21.86% (2013: 23.25%).

The differences are explained below:

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Profit on ordinary activities before taxation	23,280	55,395
Tax at 21.86% (2013: 23.25%)	5,089	12,877
Expenses not deductible for tax purposes		6,405
Depreciation in excess of capital allowances	(106)	505
Adjustment in respect of prior year tax provisions	(4,025)	2,606
Current tax charge for the period	958	22,393

5. Deferred tax

	2014 £	2013 £
Movement on deferred taxation balance in the period		
Asset at 1 January	923	2,998
Credited to the profit and loss account	(95)	434
Impact of rate change on opening deferred tax asset	-	(73)
Prior year adjustment	(10)	(2,436)
Asset at 31 December	818	923
Analysis of deferred tax balances		
Capital allowances	818	923
Total deferred tax asset	818	923

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced in the March 2014 Budget Statement to reduce the rate to 20% from 1 April 2015. These further changes have been substantially enacted on 2 July 2014. As this change in rate was substantively enacted prior to the balance sheet date it has been reflected in the deferred tax liability/asset at 31 July 2014 in accordance with UK GAAP.

KX Residential Limited

Notes to the accounts Period ended 31 July 2014

6. Debtors

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Trade debtors	43,717	14,537
Amounts owed from parent undertaking	495,253	383,818
Prepayments and accrued income	31,596	49,142
Deferred tax asset	818	923
Other Debtors	10,069	-
	<u>581,453</u>	<u>448,420</u>

Included in the amount owed from group undertakings is a loan of £393,850 (2013: £382,518) which is repayable on demand and on which interest is charged at 4% pa.

7. Creditors

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Trade creditors	31,674	33,935
Amounts due to group undertakings	621,571	627,057
Corporation tax	13,769	27,020
Other creditors	-	-
Accruals and deferred income	122,238	150,631
	<u>789,252</u>	<u>838,643</u>

Included in the amount owed to group undertakings is a loan of £163,609 (2013: £154,669) which is repayable on demand and on which interest is charged at 5% pa.

8. Operating lease commitments

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals.

9. Called up share capital

At 31 July 2014

	Number	£
Authorised:		
Ordinary share of £1	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid:		
Ordinary share of £1	<u>10,000</u>	<u>10,000</u>

KX Residential Limited

Notes to the accounts Period ended 31 July 2014

10. Capital and reserves

	Share capital £	Profit and loss account £	Total £
As at 31 December 2013	10,000	117,014	127,014
Profit for the period	-	22,217	22,217
As at 31 July 2014	10,000	139,231	149,231

11. Reconciliation of movements in shareholder's funds

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Profit for the period	22,217	30,927
Net increase in shareholder's funds	22,217	30,927
Opening shareholder's funds	127,014	96,087
Closing shareholder's funds	149,231	127,014

12. Cash flow statement

The company has taken advantage of the exemption available under Financial Reporting Standard 1 "Cash flow statements" paragraph 5(f) relating to small companies and, therefore, a cash flow statement has not been prepared.

13. Related party transactions

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

A total of £38,515 (2013: £112,347) was invoiced to KX Residential Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the period.

The total due to Nido Management UK Limited as at 31 July 2014 was £nil (2013: £nil).

KX Residential Limited

Notes to the accounts Period ended 31 July 2014

14. Subsequent events

No material events have occurred since 31 July 2014.

15. Ultimate controlling entity

The Company's immediate parent company is Kings Cross Residential Sarl, incorporated in Luxembourg.

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg.

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 1 boulevard de la Foire, L-1528 Luxembourg.

16. Off balance sheet arrangements

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m (balance at 31 July 2014: £266m) from The Prudential Assurance Company Limited ("Senior Lender"); Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl (direct subsidiary of Nido London Sarl), including KX Residential Limited.

In addition, Nido London Properties Sarl borrowed £77.84m in May 2012 (balance at 31 July 2014: £71.21m) from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender"). This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including KX Residential Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

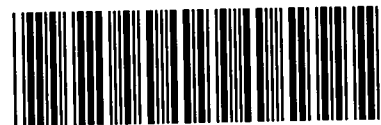
Company Registration No. 06691908

KX Residential Limited

Report and Financial Statements

31 December 2013

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COMPANIES HOUSE

KX Residential Limited

Report and financial statements 2013

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KX Residential Limited

Report and financial statements 2013

Officers and professional advisers

Directors

Peter Brigham (Resigned 19 December 2013)
Sebastian von Ribbentrop
Peter Hills
Jade Moore (Appointed 12 July 2013)
Neil Burton (Appointed 12 July 2013)

Registered Office

9 Frying Pan Alley
London
E1 7HS

Bankers

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

Auditor

Deloitte LLP
Chartered Accountants
London

KX Residential Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

The financial statements have been prepared in accordance with the special provisions relating to small companies under s418 of the Companies Act 2006 and therefore no strategic report is presented.

Principal activity and business review

The principal activity of the Company is the operation of a private residential accommodation business based in King's Cross, London.

The business continues to perform well and the flats are all occupied and demand remains strong. Cash flow position is also good with rent paid in advance and no issues with bad debtors. King's Cross is becoming an increasingly popular area for renting for young professionals. The directors anticipate that the business will continue to trade profitably in the coming year.

The Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

Results and dividends

The results of the Company for the year are shown on page 7. The profit on ordinary activities after taxation for the year is £30,927 (2012: £33,527). The directors do not recommend the payment of a dividend (2012: £nil).

Principal risk and uncertainties

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Future profitability is dependent on market conditions within the London rental market which is robust and expected to grow each year.

There is also a risk of residential tenant debtors affecting the Company's cash flow and its ability to make supplier payments. However, residential tenant debtors have been tightly controlled and as yet there have been no problems with bad debts. Additionally, this risk is mitigated by upfront payments from tenants.

Finally, there is a loan in place between Kings Cross Residential Sarl (the parent company of KX Residential Limited) and The Prudential Assurance Company Limited. KX Residential Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

Indemnities and insurance

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

KX Residential Limited

Directors' report

Directors

The directors, who served throughout the year except as noted, are listed on page 1.

Auditor

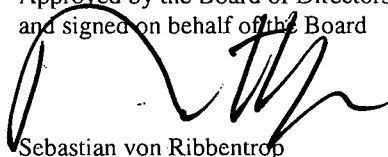
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'S. von Ribbentrop', written over the printed name.

Sebastian von Ribbentrop
Director

30 May 2013

KX Residential Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of KX Residential Limited

We have audited the financial statements of KX Residential Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of KX Residential Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report and Strategic Report.



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
30 May 2014

KX Residential Limited

Profit and loss account Year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	1	1,086,467	997,548
Administrative expenses	2	(1,053,928)	(968,953)
Operating profit		32,539	28,595
Interest receivable and similar income		27,178	16,658
Interest payable and similar charges		(4,322)	(571)
Profit on ordinary activities before taxation	3	55,395	44,682
Tax on profit on ordinary activities	4	(24,468)	(11,155)
Profit for the year		30,927	33,527

All activities derive from continuing operations.

There are no other recognised gains or losses in either year other than those in the profit and loss account.
Accordingly a statement of total recognised gains and losses is not presented.

KX Residential Limited

Balance sheet 31 December 2013

	Notes	2013 £	2012 £
Current assets			
Debtors	6	448,420	874,009
Cash at bank and in hand		517,237	267,387
		<u>965,657</u>	<u>1,141,396</u>
Creditors: amounts falling due within one year	7	(838,643)	(1,045,309)
Net current assets		<u>127,014</u>	<u>96,087</u>
Total assets less current liabilities		<u>127,014</u>	<u>96,087</u>
Capital and reserves			
Called up share capital	9	10,000	10,000
Profit and loss account	10	117,014	86,087
Total equity shareholders' funds		<u>127,014</u>	<u>96,087</u>

The financial statements of KX Residential Limited, registered number 06691908 were approved by the Board of Directors on 30 May 2014.

Signed on behalf of the Board of Directors



Sebastian von Ribbentrop
Director

KX Residential Limited

Notes to the accounts Year ended 31 December 2013

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Director's report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover is derived from the United Kingdom and stated net of VAT.

Interest income

Interest income is accounted for on an accruals basis.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Operating lease

The Company has operating lease agreement with its parent company in relation to land and buildings for an amount which is dependent on the performance of the business. The amount is calculated in accordance with the agreement.

KX Residential Limited

Notes to the accounts Year ended 31 December 2013

2. Administrative expenses

	2013 £	2012 £
External charges	395,166	456,623
Operating lease rentals	635,052	491,330
Fees payable to the Company's auditors for the audit of the Company's annual accounts	17,510	17,000
Fees payable to the Company's auditors for taxation services	6,200	4,000
	<u>1,053,928</u>	<u>968,953</u>

3. Information regarding directors and employees

Directors' remuneration

During the year the directors of the Company received no remuneration for their services to the Company (2012: £nil)

There are no direct employees of the Company (2012: none).

4. Tax on profit on ordinary activities

a) Analysis of tax charge on ordinary activities

	2013 £	2012 £
Current tax		
United Kingdom corporation tax at 23.25 % (2012: 24.5%) based on the profit for the year	19,787	13,419
Adjustment in respect of prior years	2,606	13
Total current tax (note 4b)	<u>22,393</u>	<u>13,432</u>
Deferred tax		
Timing differences, origination and reversal	(434)	(2,321)
Impact of rate exchange on opening deferred tax asset	73	59
Adjustment in respect of prior years	2,436	(15)
Total deferred tax	<u>2,075</u>	<u>(2,277)</u>
Total tax charge for the year	<u>24,468</u>	<u>11,155</u>

The corporate tax expense for the year is based on the blended UK statutory rate of corporation tax for the year of 23.25% (2012: 24.5%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 24% to 23% from 1 April 2013, which was enacted on 2 July 2013.

(b) Factors affecting tax charge for the year

The tax charge assessed for the year is higher than (2012: higher) the standard blended rate of corporation tax in the UK of 23.25% (2012: 24.5%).

KX Residential Limited

Notes to the accounts

Year ended 31 December 2013

4. Tax on profit on ordinary activities (continued)

The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before taxation	55,395	44,682
Tax at 23.25% (2012: 24.5%)	12,877	10,947
Expenses not deductible for tax purposes	6,405	-
Depreciation in excess of capital allowances	505	2,472
Adjustment in respect of prior year tax provisions	2,606	13
Current tax charge for the year	22,393	13,432

5. Deferred tax

	2013 £	2012 £
Movement on deferred taxation balance in the year		
Asset at 1 January	2,998	721
Credited to the profit and loss account	434	2,321
Impact of rate change on opening deferred tax asset	(73)	(59)
Prior year adjustment	(2,436)	15
Asset at 31 December	923	2,998
Analysis of deferred tax balances		
Capital allowances	923	2,998
Total deferred tax asset	923	2,998

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced in the March 2013 Budget Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes have been substantially enacted on 2 July 2013. As this change in rate was substantively enacted prior to the balance sheet date it has been reflected in the deferred tax liability/ asset at 31 December 2013 in accordance with UK GAAP.

KX Residential Limited

Notes to the accounts Year ended 31 December 2013

6. Debtors

	2013 £	2012 £
Trade debtors	14,537	88,086
Amounts owed from parent undertaking	383,818	731,273
Prepayments and accrued income	49,142	51,652
Deferred tax asset	923	2,998
	<u>448,420</u>	<u>874,009</u>

Included in the amount owed from group undertakings is £382,518 (2012: £707,014) which is repayable on demand and on which interest is charged at 4% pa.

7. Creditors

	2013 £	2012 £
Trade creditors	33,935	11,689
Amounts due to group undertakings	627,057	827,926
Corporation tax	27,020	16,309
Other creditors	-	5,807
Accruals and deferred income	150,631	183,578
	<u>838,643</u>	<u>1,045,309</u>

Included in the amount owed to group undertakings is £154,669 (2012: £nil) which is repayable on demand and on which interest is charged at 5% pa.

8. Operating lease commitments

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals.

9. Called up share capital

At 31 December 2013

	Number	£
Authorised:		
Ordinary share of £1	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid:		
Ordinary share of £1	<u>10,000</u>	<u>10,000</u>

KX Residential Limited

Notes to the accounts Year ended 31 December 2013

10. Capital and reserves

	Share capital £	Profit and loss account £	Total £
As at 1 January 2013	10,000	86,087	96,087
Profit for the year	-	30,927	30,927
As at 31 December 2013	10,000	117,014	127,014

11. Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Profit for the year	30,927	33,527
Net increase in shareholder's funds	30,927	33,527
Opening shareholder's funds	96,087	62,560
Closing shareholder's funds	127,014	96,087

12. Cash flow statement

The company has taken advantage of the exemption available under Financial Reporting Standard 1 "Cash flow statements" paragraph 5(f) relating to small companies and, therefore, a cash flow statement has not been prepared.

13. Related party transactions

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

A total of £112,347 (2012: £86,110) was invoiced to KX Residential Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the year.

The total due to Nido Management UK Limited as at 31 December 2013 was £nil (2012: £35,978).

14. Subsequent events

No material events have occurred since 31 December 2013.

15. Ultimate controlling entity

The Company's immediate parent company is Kings Cross Residential Sarl, incorporated in Luxembourg.

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg.

KX Residential Limited

Notes to the accounts

Year ended 31 December 2013

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 13-15 Avenue de la Liberte, L-1931 Luxembourg.

16. Off balance sheet arrangements

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m from The Prudential Assurance Company Limited ("Senior Lender"); Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl (direct subsidiary of Nido London Sarl), including KX Residential Limited.

In addition, Nido London Properties Sarl borrowed £77.84m from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender") in May 2012. This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including KX Residential Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

Company Registration No: 06691908

KX RESIDENTIAL LIMITED

Report and Financial Statements

Year ended 31 December 2012



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KX RESIDENTIAL LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2012

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KX RESIDENTIAL LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2012

OFFICERS AND PROFES

DIRECTORS

Michael Pegler (Resigned 31 May 2012)
Guy Rudd (Resigned 31 May 2012)
Gordon McKie (Resigned 31 May 2012)
Peter Brigham (Appointed 31 May 2012)
Sebastian von Ribbentrop (Appointed 31 May 2012)
Peter Hills (Appointed 31 May 2012)
Jade Moore (Appointed 12 July 2013)
Neil Burton (Appointed 12 July 2013)

SECRETARY

Tracy Everson-Davis (Resigned 31 May 2012)

REGISTERED OFFICE

59 Markham Street
London
SW3 3NR

BANKERS

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

KX RESIDENTIAL LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements of the Company for the year ended 31 December 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the operation of a private residential accommodation business based in King's Cross, London

In May 2012, the group of which KX Residential Limited is part, was acquired by Nido London Sarl a company incorporated in Luxembourg (see note 15)

The business continues to perform well and the flats are all occupied and demand remains strong. Cash flow position is also good with rent paid in advance and no issues with bad debtors. King's Cross is becoming an increasingly popular area for renting for young professionals. The directors anticipate that the business will continue to trade profitably in the coming year.

The Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

RESULTS AND DIVIDENDS

The results of the Company for the year are shown on page 7. The profit on ordinary activities after taxation for the year is £33,527 (2011: £21,736). The directors do not recommend the payment of a dividend (2011: £nil).

PRINCIPAL RISK AND UNCERTAINTIES

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Future profitability is dependent on market conditions within the London rental market which is robust and expected to grow each year.

There is also a risk of residential tenant debtors affecting the Company's cash flow and its ability to make supplier payments. However, residential tenant debtors have been tightly controlled and as yet there have been no problems with bad debts. Additionally, this risk is mitigated by upfront payments from tenants.

Finally, there is a loan in place between Kings Cross Residential Sarl (the parent company of KX Residential Limited) and The Prudential Assurance Company Limited. KX Residential Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

INDEMNITIES AND INSURANCE

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

KX RESIDENTIAL LIMITED

DIRECTORS' REPORT

DIRECTORS

The directors of the Company who served during the year except as noted, are listed on page 1

Each person who is a director at the date of the approval of this report confirms that

- (1) so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (2) the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006


SMALL COMPANY EXEMPTIONS

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption under section 415(A) of the Companies Act 2006

AUDITOR

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board of Directors
And signed on behalf of the Board



Sebastian von Ribbentrop
Director

27 September 2013

KX RESIDENTIAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KX RESIDENTIAL LIMITED

We have audited the financial statements of KX Residential Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KX RESIDENTIAL LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures or directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report



Timothy Steel (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 / 9 / 2013

KX RESIDENTIAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Turnover	1	997,548	959,963
Administrative expenses	2	(968,953)	(930,374)
Operating profit		28,595	29,589
Interest receivable and similar income		16,658	-
Interest payable and similar charges		(571)	(337)
Profit on ordinary activities before taxation	3	44,682	29,252
Tax on profit on ordinary activities	4	(11,155)	(7,516)
Profit for the year		33,527	21,736

All activities derive from continuing operations

There are no other recognised gains or losses in either year other than those in the profit and loss account
Accordingly a statement of total recognised gains and losses is not presented


The notes on pages 9 to 14 form an integral part of the financial statements

KX RESIDENTIAL LIMITED

BALANCE SHEET AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
CURRENT ASSETS			
Debtors	6	874,009	73,077
Cash at bank and in hand		267,387	474,605
		<u>1,141,396</u>	<u>547,682</u>
CREDITORS: amounts falling due within one year	7	<u>(1,045,309)</u>	<u>(485,122)</u>
NET CURRENT ASSETS		96,087	62,560
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>96,087</u>	<u>62,560</u>
CAPITAL AND RESERVES			
Called up share capital	9	10,000	10,000
Profit and loss account	10	86,087	52,560
SHAREHOLDER'S FUNDS		<u>96,087</u>	<u>62,560</u>

The financial statements of KX Residential Limited, registered number 06691908, were approved and authorised for issue by the Board of Directors on 27 September 2013 and signed on its behalf by


Sebastian von Ribbentrop
Director

KX RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. A summary of principal accounting policies, all of which have been applied consistently during the current and preceding year are set out below.

Basis of preparation

The financial information set out in this report has been prepared under the historical cost convention and on a going concern basis.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Director's report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover is derived from the United Kingdom.

Interest income

Interest income is accounted for on an accruals basis.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

KX RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

2. ADMINISTRATIVE EXPENSES

	2012	2011
	£	£
External charges	456,623	434,960
Operating lease rentals	491,330	474,414
Fees payable to the Company's auditors for the audit of the Company's annual accounts	17,000	17,000
Fees payable to the Company's auditors for taxation services	4,000	4,000
	<u>968,953</u>	<u>930,374</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration

During the year the directors of the Company received no remuneration for their services to the Company (2011 £nil)

There are no direct employees of the Company (2011 none)

4 TAX ON PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) Analysis of tax charge on ordinary activities

	2012	2011
Current tax		
United Kingdom corporation tax at 24.5% (2011 26.5%) based on profit for the year	13,419	7,654
Adjustment in respect of prior years	13	(7,920)
Total current tax (note 4b)	<u>13,432</u>	<u>(266)</u>
Deferred tax		
Timing differences, origination and reversal	(2,321)	158
Impact of rate change on opening deferred tax asset	59	-
Adjustment in respect of prior years	(15)	7,624
Total deferred tax	<u>(2,277)</u>	<u>7,782</u>
Total tax charge for the year	<u>11,155</u>	<u>7,516</u>

The corporate tax expense for the year is based on the blended UK statutory rate of corporation tax for the year of 24.5% (2011 26.5%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 26% to 24% from 1 April 2012, which was enacted on 26 March 2012.

(b) Factors affecting tax charge for the year

The tax charge assessed for the year is higher than (2011 lower) the standard rate of corporation tax in the UK of 24.5% (2011 26.5%).

The differences are explained below

KX RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
Profit on ordinary activities before taxation	44,682	29,252
Tax at 24.5% (2010: 26.5%)	10,947	7,752
Expenses not deductible for tax purposes	-	93
Depreciation in excess of capital allowances	2,472	(191)
Adjustment in respect of prior year tax provisions	13	(7,920)
Current tax charge / (credit) for the year	<u>13,432</u>	<u>(266)</u>

5 DEFERRED TAX

	2012 £	2011 £
Movement on deferred taxation balance in the year		
Asset at 1 January	721	8,503
Credited to the profit and loss account	2,321	(7,782)
Impact of rate change on opening deferred tax asset	(59)	-
Prior year adjustment	15	-
Asset at 31 December	<u>2,988</u>	<u>721</u>
Analysis of deferred tax balances		
Capital allowances	2,988	721
Total deferred tax asset	<u>2,988</u>	<u>721</u>

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced to reduce from 24% to 23% from 1 April 2013, which was enacted on 17 July 2012. Further reductions to the main rate were announced in the 2012 Autumn Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes had not been substantially enacted at the balance sheet date and therefore in accordance with UK GAAP, are not included in these financial statements. The deferred tax balances have been calculated based on tax rates substantively enacted at the balance sheet date.

KX RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

6 DEBTORS

	2012 £	2011 £
Trade debtors	88,086	17,747
Amounts owed from parent undertaking	731,273	542
Prepayments and accrued income	51,652	52,236
Deferred tax asset	2,998	721
Other debtors	-	1,831
	<u>874,009</u>	<u>73,077</u>

Included in the amount owed from group undertakings is £707,014 (2011 £nil) which is repayable on demand and on which interest is charged at 4% pa

7. CREDITORS

	2012 £	2011 £
Trade creditors	11,689	18,860
Amounts due to group undertakings	827,926	308,607
Corporation tax	16,309	8,858
Other creditors	5,807	
Accruals and deferred income	183,578	148,797
	<u>1,045,309</u>	<u>485,122</u>

Amounts owed to group undertaking are payable on demand, subordinated and interest free

8. OPERATING LEASE COMMITMENTS

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals

9 CALLED UP SHARE CAPITAL

At 31 December 2012

	Number	£
Authorised		
Ordinary share of £1	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid		
Ordinary share of £1	<u>10,000</u>	<u>10,000</u>

10. CAPITAL AND RESERVES

	Share capital £	Profit and loss account £	Total £
As at 1 January 2012	10,000	52,560	62,560
Profit for the year	-	33,527	37,816
As at 31 December 2012	<u>10,000</u>	<u>86,087</u>	<u>96,087</u>

KX RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2012 £	2011 £
Profit for the year	33,527	21,736
Net increase in shareholder's funds	33,527	21,736
Opening shareholder's funds	62,560	40,824
Closing shareholder's funds	96,087	62,560

12. CASH FLOW STATEMENT

The company has taken advantage of the exemption available under Financial Reporting Standard 1 "Cash flow statements" paragraph 5(f) relating to small companies and, therefore, a cash flow statement has not been prepared

13 RELATED PARTY TRANSACTIONS

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group

A total of £24,578 (2011 £25,959) was invoiced to KX Residential Limited by Blackstone Property Management Limited in relation to property management services received during the year

A total of £86,110 (2011 £nil) was invoiced to KX Residential Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the year

The total due to Blackstone Property Management Limited as at 31 December 2012 was £nil (2011 £11,104)

The total due to Nido Management UK Limited as at 31 December 2012 was £35,978 (2011 £nil)

14 SUBSEQUENT EVENTS

In June 2013 the Nido London Sarl group, of which the company is a member, was recapitalised with £60.75m of additional funds. These funds were used to reduce the group's Mezzanine debt, build reserve accounts for future debt service and increase working capital. As part of the recapitalisation the agreements with the Lenders were renegotiated (see note 16)

15. ULTIMATE CONTROLLING ENTITY

The Company's immediate parent company is Kings Cross Residential Sarl, incorporated in Luxembourg

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg

The acquisition of the Company referred to in the Directors' Report on pages 2 and 3, by Nido London Sarl took place on 31 May 2012. Prior to that Kings Cross Holdings JV LP, a limited partnership registered under the laws of the Cayman Islands was the ultimate controlling entity

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 13-15 Avenue de la Liberte, L-1931 Luxembourg

KX RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

16. OFF BALANCE SHEET ARRANGEMENTS

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m from The Prudential Assurance Company Limited ("Senior Lender"), Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl (direct subsidiary of Nido London Sarl), including KX Residential Limited.

In addition, Nido London Properties Sarl borrowed £77.84m from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender") in May 2012. This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including KX Residential Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

Company Registration No. 06959655

MX Residential Limited

Report and Financial Statements

Period ended 31 July 2014

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MX Residential Limited

Report and financial statements 2014

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Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
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MX Residential Limited

Report and financial statements 2014

Officers and professional advisers

Directors

Peter Brigham
Sebastian von Ribbentrop
Peter Hills
Jade Moore
Neil Burton

Registered Office

9 Frying Pan Alley
London
E1 7HS

Bankers

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

Auditor

Deloitte LLP
Chartered Accountants
London

MX Residential Limited

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 July 2014.

The financial statements have been prepared in accordance with the special provisions relating to small companies under s418 of the Companies Act 2006 and therefore no strategic report is presented and the directors' report makes use of the exemptions allowable.

Principal activity and business review

The principal activity of the Company is the operation of a private residential accommodation business based in Spitalfields, London. All eleven flats remain occupied and there have been no issues with the tenants during the period.

The business continues to perform well, the flats are all occupied and demand remains strong. Cash flow position is also good with rent paid in advance and no issues with bad debtors. The directors anticipate that the business will continue to trade profitably in the coming period.

The Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Results and dividends

The results of the Company for the period are shown on page 7. The profit on ordinary activities after taxation for the period is £ 8,720 (period ended 31 December 2013: £15,680). The directors do not recommend the payment of a dividend (period ended 31 December 2013: £nil).

Principal risk and uncertainties

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Future profitability is dependent on market conditions within the London rental market which is robust and expected to grow each year.

There is also a risk of residential tenant debtors affecting the Company's cash flow and its ability to make supplier payments. However, residential tenant debtors have been tightly controlled and as yet there have been no problems with bad debts. Additionally, this risk is mitigated by upfront payments from tenants.

Finally, there is a loan in place between Middlesex Residential Sarl (the parent company of MX Residential Limited) and The Prudential Assurance Company Limited. MX Residential Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

Indemnities and insurance

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the Company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

MX Residential Limited

Directors' report

Directors

The directors, who served throughout the period except as noted, are listed on page 1.

Auditor

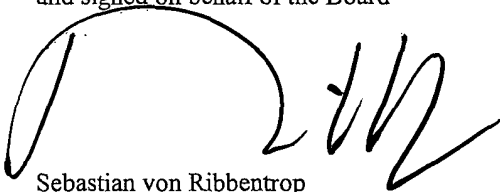
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Sebastian von Ribbentrop
Director

23 January 2015

MX Residential Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of MX Residential Limited

We have audited the financial statements of MX Residential Limited for the period ended 31 July 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of MX Residential Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report.



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27/1 2015

MX Residential Limited

Profit and loss account Period ended 31 July 2014

		Period ended 31 July 2014 £	Year ended 31 December 2013 £
	Notes		
Turnover	1	217,275	368,069
Administrative expenses	2	(210,757)	(357,027)
Operating profit		6,518	11,042
Interest receivable and similar income		1,375	9,957
Interest payable and similar charges		(1,100)	(1,030)
Profit on ordinary activities before taxation	3	6,793	19,969
Tax on profit on ordinary activities	4	1,927	(4,289)
Profit for the period		8,720	15,680

All activities derive from continuing operations.

There are no other recognised gains or losses in either period other than those in the profit and loss account. Accordingly a statement of total recognised gains and losses is not presented.

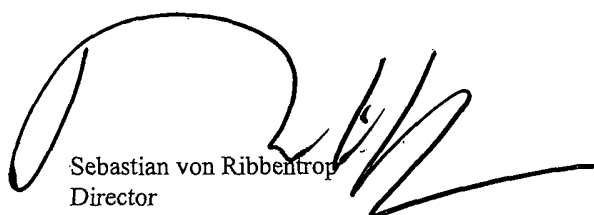
MX Residential Limited

Balance sheet 31 July 2014

	Notes	31 July 2014 £	31 December 2013 £
Current assets			
Debtors	6	118,940	66,204
Cash at bank and in hand		86,752	134,807
		<u>205,692</u>	<u>201,011</u>
Creditors: amounts falling due within one year	7	<u>(179,671)</u>	<u>(183,710)</u>
Net current assets		<u>26,021</u>	<u>17,301</u>
Total assets less current liabilities		<u>26,021</u>	<u>17,301</u>
Capital and reserves			
Called up share capital	9	10,000	10,000
Profit and loss account	10	16,021	7,301
Total equity shareholders' funds		<u>26,021</u>	<u>17,301</u>

The financial statements of MX Residential Limited, registered number 06959655 were approved by the Board of Directors on 23 January 2015.

Signed on behalf of the Board of Directors


Sebastian von Ribbentrop
Director

MX Residential Limited

Notes to the accounts

Period ended 31 July 2014

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Director's report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover is derived from the United Kingdom and stated net of VAT.

Interest income

Interest income is accounted for on an accruals basis.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Operating lease

The Company has operating lease agreement with its parent company in relation to land and buildings for an amount which is dependent on the performance of the business. The amount is calculated in accordance with the agreement.

MX Residential Limited

Notes to the accounts

Period ended 31 July 2014

2. Administrative expenses

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
External charges	40,969	110,412
Operating lease rentals	157,153	231,660
Fees payable to the Company's auditors for the audit of the Company	8,135	8,755
Fees payable to the Company's auditors for taxation services	4,500	6,200
	<u>210,757</u>	<u>357,027</u>

3. Information regarding directors and employees

Directors' remuneration

During the period the directors of the Company received no remuneration for their services to the Company (2013: £nil)

There are no direct employees of MX Residential Limited (2013: none).

4. Tax on profit on ordinary activities

a) Analysis of tax charge on ordinary activities

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Current tax		
United Kingdom corporation tax at 21.86% (2013: 23.25%) based on the profit for the period	1,484	4,642
Adjustment in respect of prior years	(3,411)	(353)
Total current tax (note 4b)	<u>(1,927)</u>	<u>4,289</u>
Deferred tax	-	-
Adjustment in respect of prior years	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax (credit)/charge for the period	<u>(1,927)</u>	<u>4,289</u>

The corporate tax expense for the period is based on the blended UK statutory rate of corporation tax for the period of 21.86 % (2013: 23.25%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 23% to 21% from 1 April 2014, which was enacted on 2 July 2014.

b) Factors affecting tax charge for the period

The tax charge assessed for the period is lower (2013: lower) as at the blended rate of corporation tax in the UK of 21.86% (2013: 23.25%).

MX Residential Limited

Notes to the accounts Period ended 31 July 2014

4. Tax on profit on ordinary activities (continued)

The differences are explained below:

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Profit on ordinary activities before taxation	6,793	19,969
Tax at 21.86% (2013: 23.25%)	1,484	4,642
Adjustment in respect of prior period tax provisions	(3,411)	(353)
Current tax (credit)/charge for the period	<u>(1,927)</u>	<u>4,289</u>

5. Deferred tax

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Movement on deferred taxation balance in the period		
Asset at 1 January	-	-
Prior year adjustment	-	-
Asset at 31 December	<u>-</u>	<u>-</u>

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced in the March 2014 Budget Statement to reduce the rate to 20% from 1 April 2015. These further changes have been substantially enacted on 2 July 2014. As this change in rate was substantively enacted prior to the balance sheet date it has been reflected in the deferred tax liability/asset at 31 July 2014 in accordance with UK GAAP.

6. Debtors

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Trade debtors	-	3,547
Amounts owed from parent undertaking	118,888	59,405
Prepayments and accrued income	52	3,252
	<u>118,940</u>	<u>66,204</u>

Included in the amount owed from group undertakings is a loan of £60,780 (31 December 2013: £59,204) which is repayable on demand and on which interest is charged at 4% pa.

MX Residential Limited

Notes to the accounts Period ended 31 July 2014

7. Creditors

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Amounts owed to group undertakings	145,547	136,145
Trade creditors	4,650	-
Corporation tax	1,255	8,053
Accruals and deferred income	28,219	39,512
	<u>179,671</u>	<u>183,710</u>

Included in the amount owed to group undertakings is a loan of £38,991 (2013: £36,861) which is repayable on demand and on which interest is charged at 5% pa.

8. Operating lease commitments

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals.

9. Called up share capital

At 31 July 2014

	Number	£
Called up, allotted and fully paid:		
Ordinary share of £1	<u>10,000</u>	<u>10,000</u>

10. Capital and reserves

	Share capital £	Profit and loss account £	Total £
As at 31 December 2013	10,000	7,301	17,301
Profit for the period	-	8,720	8,720
As at 31 July 2014	<u>10,000</u>	<u>16,021</u>	<u>26,021</u>

MX Residential Limited

Notes to the accounts Period ended 31 July 2014

11. Reconciliation of movements in shareholder's funds

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Profit for the period	8,720	15,680
Net increase in shareholder's funds	8,720	15,680
Opening shareholder's funds	17,301	1,621
Closing shareholder's funds	26,021	17,301

12. Cash flow statement

The company has taken advantage of the exemption available under Financial Reporting Standard 1 "Cash flow statements" paragraph 5(f) relating to small companies and, therefore, a cash flow statement has not been prepared.

13. Related party transactions

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

A total of £14,993 (2013: £57,944) was invoiced to MX Residential Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the period.

The total due to Nido Management UK Limited as at 31 July 2014 was £nil (2013: £nil).

14. Subsequent events

No material events have occurred since 31 July 2014.

15. Ultimate controlling entity

The Company's immediate parent company is Middlesex Residential Sarl, incorporated in Luxembourg.

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg.

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 1 boulevard de la Foire, L-1528 Luxembourg.

MX Residential Limited

Notes to the accounts

Period ended 31 July 2014

16. Off balance sheet arrangements

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m (July 2014: £266m) from The Prudential Assurance Company Limited ("Senior Lender"); Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl (direct subsidiary of Nido London Sarl), including MX Residential Limited.

In addition, Nido London Properties Sarl borrowed £77.84m (July 2014: £71.21m) from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender") in May 2012. This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including MX Residential Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

Company Registration No. 06959655

MX Residential Limited

Report and Financial Statements

31 December 2013

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MX Residential Limited

Report and financial statements 2013

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MX Residential Limited

Report and financial statements 2013

Officers and professional advisers

Directors

Peter Brigham (Resigned 19 December 2013)
Sebastian von Ribbentrop
Peter Hills
Jade Moore (Appointed 12 July 2013)
Neil Burton (Appointed 12 July 2013)

Registered Office

9 Frying Pan Alley
London
E1 7HS

Bankers

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

Auditor

Deloitte LLP
Chartered Accountants
London

MX Residential Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

The financial statements have been prepared in accordance with the special provisions relating to small companies under s418 of the Companies Act 2006 and therefore no strategic report is presented.

Principal activity and business review

The principal activity of the Company is the operation of a private residential accommodation business based in Spitalfields, London. All eleven flats are leased on a three year term to a company which specialises in providing accommodation to corporate tenants. No issues with the tenants have arisen during the year.

The business continues to perform well and the flats are all occupied and demand remains strong. Cash flow position is also good with rent paid in advance and no issues with bad debtors. The directors anticipate that the business will continue to trade profitably in the coming year.

The Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Results and dividends

The results of the Company for the year are shown on page 7. The profit on ordinary activities after taxation for the year is £15,680 (2012: £5,560). The directors do not recommend the payment of a dividend (2012: £nil).

Principal risk and uncertainties

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Future profitability is dependent on market conditions within the London rental market which is robust and expected to grow each year.

There is also a risk of residential tenant debtors affecting the Company's cash flow and its ability to make supplier payments. However, residential tenant debtors have been tightly controlled and as yet there have been no problems with bad debts. Additionally, this risk is mitigated by upfront payments from tenants.

Finally, there is a loan in place between Middlesex Residential Sarl (the parent company of MX Residential Limited) and The Prudential Assurance Company Limited. MX Residential Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

Indemnities and insurance

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

Directors

The directors, who served throughout the year except as noted, are listed on page 1.

MX Residential Limited

Directors' report

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Sebastian von Ribbenzop
Director

30 May 2014

MX Residential Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of MX Residential Limited

We have audited the financial statements of MX Residential Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of MX Residential Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report and Strategic Report.



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
30 May 2014

MX Residential Limited

Profit and loss account Year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	1	368,069	352,396
Administrative expenses	2	<u>(357,027)</u>	<u>(341,713)</u>
Operating profit		11,042	10,683
Interest receivable and similar income		9,957	6,280
Interest payable and similar charges		<u>(1,030)</u>	<u>(156)</u>
Profit on ordinary activities before taxation	3	19,969	16,807
Tax on profit on ordinary activities	4	<u>(4,289)</u>	<u>(11,247)</u>
Profit for the year		<u><u>15,680</u></u>	<u><u>5,560</u></u>

All activities derive from continuing operations.

There are no other recognised gains or losses in either year other than those in the profit and loss account.
Accordingly a statement of total recognised gains and losses is not presented.

MX Residential Limited

Balance sheet 31 December 2013

	Notes	2013 £	2012 £
Current assets			
Debtors	6	66,204	309,363
Cash at bank and in hand		134,807	49,241
		<u>201,011</u>	<u>358,604</u>
Creditors: amounts falling due within one year	7	<u>(183,710)</u>	<u>(356,983)</u>
Net current assets		<u>17,301</u>	<u>1,621</u>
Total assets less current liabilities		<u>17,301</u>	<u>1,621</u>
Capital and reserves			
Called up share capital	9	10,000	10,000
Profit and loss account	10	7,301	(8,379)
Total equity shareholders' funds		<u>17,301</u>	<u>1,621</u>

The financial statements of MX Residential Limited, registered number 06959655 were approved by the Board of Directors on 30 May 2014.

Signed on behalf of the Board of Directors



Sebastian von Ribbentrop
Director

MX Residential Limited

Notes to the accounts Year ended 31 December 2013

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Director's report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover is derived from the United Kingdom and stated net of VAT.

Interest income

Interest income is accounted for on an accruals basis.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Operating lease

The Company has operating lease agreement with its parent company in relation to land and buildings for an amount which is dependent on the performance of the business. The amount is calculated in accordance with the agreement.

MX Residential Limited

Notes to the accounts Year ended 31 December 2013

2. Administrative expenses

	2013 £	2012 £
External charges	110,412	123,770
Operating lease rentals	231,660	205,443
Fees payable to the Company's auditors for the audit of the Company's annual accounts	8,755	8,500
Fees payable to the Company's auditors for taxation services	6,200	4,000
	<u>357,027</u>	<u>341,713</u>

3. Information regarding directors and employees

Directors' remuneration

During the year the directors of the Company received no remuneration for their services to the Company (2012: £nil)

There are no direct employees of MX Residential Limited (2012: none).

4. Tax on profit on ordinary activities

a) Analysis of tax charge on ordinary activities

	2013 £	2012 £
Current tax		
United Kingdom corporation tax at 23.25% (2012: 24.5%) based on the profit for the year	4,642	4,118
Adjustment in respect of prior years	(353)	-
Total current tax (note 4b)	<u>4,289</u>	<u>4,118</u>
Deferred tax		
Adjustment in respect of prior years	-	7,129
Total deferred tax	<u>-</u>	<u>7,129</u>
Total tax charge for the year	<u>4,289</u>	<u>11,247</u>

The corporate tax expense for the year is based on the blended UK statutory rate of corporation tax for the year of 23.25% (2012: 24.5%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 24% to 23% from 1 April 2013, which was enacted on 2 July 2013.

b) Factors affecting tax charge for the year

The tax charge assessed for the year is the same as (2012: same) at the blended rate of corporation tax in the UK of 23.25% (2012: 24.5%).

MX Residential Limited

Notes to the accounts Year ended 31 December 2013

4. Tax on profit on ordinary activities (continued)

The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before taxation	19,969	16,807
Tax at 23.25% (2012: 24.5%)	4,642	4,118
Adjustment in respect of prior year tax provisions	(353)	-
Current tax charge for the year	4,289	4,118

5. Deferred tax

	2013 £	2012 £
Movement on deferred taxation balance in the year		
Asset at 1 January	-	7,129
Prior year adjustment	-	(7,129)
Asset at 31 December	-	-

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced in the March 2013 Budget Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes have been substantially enacted on 2 July 2013. As this change in rate was substantively enacted prior to the balance sheet date it has been reflected in the deferred tax liability/ asset at 31 December 2013 in accordance with UK GAAP.

MX Residential Limited

Notes to the accounts Year ended 31 December 2013

6. Debtors

	2013 £	2012 £
Trade debtors	3,547	5,216
Amounts owed from parent undertaking	59,405	298,571
Prepayments and accrued income	3,252	5,576
	<u>66,204</u>	<u>309,363</u>

Included in the amount owed from group undertakings is £59,204 (2012: £266,538) which is repayable on demand and on which interest is charged at 4% pa.

7. Creditors

	2013 £	2012 £
Amounts owed to group undertakings	136,145	280,213
Trade creditors	-	600
Corporation tax	8,053	3,764
Accruals and deferred income	39,512	72,406
	<u>183,710</u>	<u>356,983</u>

Included in the amount owed to group undertakings is £36,861 (2012: £nil) which is repayable on demand and on which interest is charged at 5% pa.

8. Operating lease commitments

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals.

9. Called up share capital

At 31 December 2013

	Number	£
Authorised:		
Ordinary share of £1	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid:		
Ordinary share of £1	<u>10,000</u>	<u>10,000</u>

MX Residential Limited

Notes to the accounts Year ended 31 December 2013

10. Capital and reserves

	Share capital £	Profit and loss account £	Total £
As at 1 January 2013	10,000	(8,379)	1,621
Profit for the year	-	15,680	15,680
	<hr/>	<hr/>	<hr/>
As at 31 December 2013	10,000	7,301	17,301
	<hr/>	<hr/>	<hr/>

11. Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Profit for the year	15,680	5,560
	<hr/>	<hr/>
Net increase in shareholder's funds	15,680	5,560
Opening shareholder's funds	1,621	(3,939)
	<hr/>	<hr/>
Closing shareholder's funds	17,301	1,621
	<hr/>	<hr/>

12. Cash flow statement

The company has taken advantage of the exemption available under Financial Reporting Standard 1 "Cash flow statements" paragraph 5(f) relating to small companies and, therefore, a cash flow statement has not been prepared.

13. Related party transactions

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

A total of £57,944 (2012: £42,390) was invoiced to MX Residential Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the year.

The total due to Nido Management UK Limited as at 31 December 2013 was £nil (2012: £22,874).

14. Subsequent events

No material events have occurred since 31 December 2013.

15. Ultimate controlling entity

The Company's immediate parent company is Middlesex Residential Sarl, incorporated in Luxembourg.

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg.

MX Residential Limited

Notes to the accounts

Year ended 31 December 2013

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 13-15 Avenue de la Liberte, L-1931 Luxembourg.

16. Off balance sheet arrangements

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m from The Prudential Assurance Company Limited ("Senior Lender"); Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl (direct subsidiary of Nido London Sarl), including MX Residential Limited.

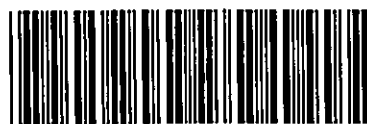
In addition, Nido London Properties Sarl borrowed £77.84m from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender") in May 2012. This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including MX Residential Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

Company Registration No: 06959655

MX RESIDENTIAL LIMITED

Report and Financial Statements
Year ended 31 December 2012

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MX RESIDENTIAL LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2012

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MX RESIDENTIAL LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2012

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Michael Pegler (Resigned 31 May 2012)
Guy Rudd (Resigned 31 May 2012)
Gordon McKie (Resigned 31 May 2012)
Peter Bringham (Appointed 31 May 2012)
Sebastian von Ribbentrop (Appointed 31 May 2012)
Peter Hills (Appointed 31 May 2012)
Jade Moore (Appointed 12 July 2013)
Neil Burton (Appointed 12 July 2013)

SECRETARY

Tracy Everson-Davis (Resigned 31 May 2012)

REGISTERED OFFICE

59 Markham Street
London
SW3 3NR

BANKERS

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2½ Devonshire Square
London
EC2M 4XJ

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

MX RESIDENTIAL LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements of the Company for the year ended 31 December 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the operation of a private residential accommodation business based in Spitalfields, London. All eleven flats are leased on a three year term to a company which specialises in providing accommodation to corporate tenants. No issues with the tenants have arisen during the year.

In May 2012, the group of which MX Residential Limited is part, was acquired by Nido London Sarl a company incorporated in Luxembourg (see note 15).

The business continues to perform well and the flats are all occupied and demand remains strong. Cash flow position is also good with rent paid in advance and no issues with bad debtors. The directors anticipate that the business will continue to trade profitably in the coming year.

The Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

RESULTS AND DIVIDENDS

The results of the Company for the year are shown on page 7. The net profit after taxation is £5,560 (2011: £6,878). The directors do not recommend the payment of a dividend (2011: £nil).

PRINCIPAL RISK AND UNCERTAINTIES

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Future profitability is dependent on market conditions within the London rental market which is robust and expected to grow each year.

There is also a risk of residential tenant debtors affecting the Company's cash flow and its ability to make supplier payments. However, residential tenant debtors have been tightly controlled and as yet there have been no problems with bad debts. Additionally, this risk is mitigated by upfront payments from tenants.

Finally, there is a loan in place between Middlesex Residential Sarl (the parent company of MX Residential Limited) and The Prudential Assurance Company Limited. MX Residential Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

MX RESIDENTIAL LIMITED

DIRECTORS' REPORT (continued)

INDEMNITIES AND INSURANCE

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

DIRECTORS

The directors of the Company who served during the year except as noted, are listed on page 1.

Each person who is a director at the date of the approval of this report confirms that

- (1) so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (2) the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

SMALL COMPANY EXEMPTIONS

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption under section 415(A) of the Companies Act 2006.

AUDITOR

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
And signed on behalf of the Board


Sebastian von Ribbentrop
Director

27 September 2013

MX RESIDENTIAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MX RESIDENTIAL LIMITED

We have audited the financial statements of MX Residential Limited for the year ended 31 December 2012 which comprises the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 16 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MX RESIDENTIAL LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures or directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



Timothy Steel (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 | 9 | 2013

MX RESIDENTIAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Turnover	1	352,396	289,884
Administrative expenses	2	(341,713)	(281,128)
Operating profit		<u>10,683</u>	<u>8,756</u>
Interest receivable and similar income		6,280	-
Interest payable and similar charges		(156)	(60)
Profit on ordinary activities before taxation	3	<u>16,807</u>	<u>8,696</u>
Tax on profit on ordinary activities	4	(11,247)	(1,818)
Profit for the year		<u>5,560</u>	<u>6,878</u>

All activities derive from continuing operations

There are no other recognised gains or losses in either year other than those in the profit and loss account
Accordingly a statement of total recognised gains and losses is not presented

The notes on pages 9 to 13 form an integral part of the financial statements


MX RESIDENTIAL LIMITED

BALANCE SHEET AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
CURRENT ASSETS			
Debtors	6	309,363	8,974
Cash at bank and in hand		49,241	233,369
		<u>358,604</u>	<u>242,343</u>
CREDITORS, amounts falling due within one year	7	<u>(356,983)</u>	<u>(246,282)</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>1,621</u>	<u>(3,939)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,621</u>	<u>(3,939)</u>
CAPITAL AND RESERVES			
Called up share capital	9	10,000	10,000
Profit and loss account	10	(8,379)	(13,939)
SHAREHOLDERS' FUNDS / (DEFICIT)		<u>1,621</u>	<u>(3,939)</u>

The notes on pages 9 to 13 form an integral part of the financial statements

The financial statements of MX Residential Limited, registered number 06959655, were approved and authorised for issue by the Board of Directors on 27 September 2013 and signed on its behalf by


Sebastian von Ribbentrop
Director

MX RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. A summary of principal accounting policies, all of which have been applied consistently during the current and prior year are set out below.

Basis of preparation

The financial information set out in this report has been prepared under the historical cost convention and on a going concern basis.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Director's report on pages 2 and 3 the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover derives from the United Kingdom.

Interest income

Interest income is accounted for on an accruals basis.

Taxation

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

Deferred taxation

Deferred tax is provided in full on an undiscounted basis, on all timing differences which can result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included within the financial statements.

A net deferred tax asset is regarded as recoverable and recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

MX RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2012

2. ADMINISTRATIVE EXPENSES

	2012	2011
	£	£
External charges	123,770	120,731
Operating lease rentals	205,443	147,897
Fees payable to the Company's auditors for the audit of the Company's annual accounts	8,500	8,500
Fees payable to the Company's auditors for taxation services	4,000	4,000
	<u>341,713</u>	<u>281,128</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration

During the year the directors of the Company received no remuneration for their services to the Company (2011 £nil)

There are no direct employees of MX Residential Limited (2011 none)

4. TAX ON PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) Analysis of tax charge on ordinary activities

	2012	2011
Current tax		
United Kingdom corporation tax at 24.5% (2011 26.5%) based on profit for the year	4,118	1,248
Total current tax (note 4b)	<u>4,118</u>	<u>1,248</u>
Deferred tax		
Impact of rate change on opening deferred tax asset	-	570
Adjustment in respect of prior years	7,129	-
Total deferred tax	<u>7,129</u>	<u>570</u>
Total tax charge for the year	<u>11,247</u>	<u>1,818</u>

The corporate tax expense for the year is based on the blended UK statutory rate of corporation tax for the year of 24.5% (2011 26.5%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 26% to 24% from 1 April 2012, which was enacted on 26 March 2012.

(b) Factors affecting tax charge for the year

The tax charge assessed for the year is the same as (2011 lower than) the standard rate of corporation tax in the UK of 24.5% (2011 26.5%).

The differences are explained below

	2012	2011
	£	£
Profit on ordinary activities before taxation	16,807	8,696
Tax at 24.5% (2011 26.5%)	4,118	2,305
Utilisation of tax losses	-	(1,058)
Current tax charge for the year	<u>4,118</u>	<u>1,247</u>

MX RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2012

5 DEFERRED TAX

	2012 £	2011 £
Movement on deferred taxation balance in the year		
Asset at 1 January	7,129	7,699
Impact of rate change on opening deferred tax asset	-	(570)
Prior year adjustment	(7,129)	-
Asset at 31 December	-	7,129
Analysis of deferred tax balances		
Trading losses	-	7,129
Total deferred tax asset	-	7,129

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced to reduce from 24% to 23% from 1 April 2013, which was enacted on 17 July 2012. Further reductions to the main rate were announced in the 2012 Autumn Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes had not been substantially enacted at the balance sheet date and therefore in accordance with UK GAAP, are not included in these financial statements. The deferred tax balances have been calculated based on tax rates substantively enacted at the balance sheet date.

6 DEBTORS

	2012 £	2011 £
Trade debtors	5,216	-
Amounts owed from parent undertaking	298,571	-
Deferred tax	-	7,129
Prepayments and accrued income	5,576	1,845
	309,363	8,974

Included in the amount owed from parent undertakings is £266,538 (2011: £nil) which is repayable on demand and on which interest is charged at 4% pa.

7 CREDITORS

	2012 £	2011 £
Amounts owed to parent undertaking	280,213	150,168
Trade creditors	600	18,810
Corporation tax	3,764	1,248
Accruals and deferred income	72,406	76,056
	356,983	246,282

Amounts owed to parent undertaking are payable on demand, subordinated and interest free.

8. OPERATING LEASE COMMITMENTS

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals.

MX RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2012

9 CALLED UP SHARE CAPITAL

At 31 December 2012

	Number	£
Called up, allotted and unpaid:		
Ordinary share of £1	10,000	10,000

10. CAPITAL AND RESERVES

	Share capital £	Profit and loss account £	Total £
As at 1 January 2012	10,000	(13,939)	(3,939)
Profit for the year	-	5,560	5,560
As at 31 December 2012	10,000	(8,379)	1,621

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS / DEFICIT

	2012 £
Profit for the year	5,560
Net increase in shareholders' funds	5,560
Opening shareholders' deficit	(3,939)
Closing shareholders' funds	1,621

12. CASH FLOW STATEMENT

The company has taken advantage of the exemption available under Financial Reporting Standard 1 "Cash flow statements" paragraph 5(f) relating to small companies and, therefore, a cash flow statement has not been prepared

13. RELATED PARTY TRANSACTIONS

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group

A total of £13,652 (2011 £39,615) was invoiced to MX Residential Limited by Blackstone Property Management Limited in relation to property management services and salary and management recharges received during the year

A total of £42,390 (2011 £nil) was invoiced to MX Residential Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the year

The total due to Blackstone Property Management Limited as at 31 December 2012 was £nil (2011 £18,810)

The total due to Nido Management UK Limited as at 31 December 2012 was £22,874 (2011 £nil)

14. SUBSEQUENT EVENTS

In June 2013 the Nido London Sarl group, of which the company is a member, was recapitalised with £60.75m of additional funds. These funds were used to reduce the group's Mezzanine debt, build reserve accounts for future debt service and increase working capital. As part of the recapitalisation the agreements with the Lenders were renegotiated (see note 16)

MX RESIDENTIAL LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2012

15 ULTIMATE CONTROLLING ENTITY

The Company's immediate parent company is Middlesex Residential Sarl, incorporated in Luxembourg

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg

The acquisition of the Company referred to in the Directors' Report on pages 2 and 3, by Nido London Sarl took place on 31 May 2012. Prior to that Middlesex Holding JV LP, a Limited Partnership registered under the laws of the Cayman Islands was the ultimate controlling entity

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 13-15 Avenue de la Liberte, L-1931 Luxembourg

16. OFF BALANCE SHEET ARRANGEMENTS

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m from The Prudential Assurance Company Limited ("Senior Lender"), Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl (direct subsidiary of Nido London Sarl), including MX Residential Limited

In addition, Nido London Properties Sarl borrowed £77.84m from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender") in May 2012. This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including MX Residential Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security

Company Registration No. 06002315

Nido King's Cross Limited

Report and Financial Statements

Period ended 31 July 2014



Nido King's Cross Limited

Report and financial statements 2014

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Nido King's Cross Limited

Report and financial statements 2014

Officers and professional advisers

Directors

Sebastian von Ribbentrop
Peter Hills
Jade Moore
Neil Burton

Registered Office

9 Frying Pan Alley
London
E1 7HS

Bankers

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

Auditor

Deloitte LLP
Chartered Accountants
London

Nido King's Cross Limited

Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Strategy and objectives

The principal activity of the Company is the operation of a student accommodation business based in King's Cross, London.

The company's objective is to generate yield growth, through the provision of premium city centre accommodation for students. Revenues are generated through the rent of rooms to students and the delivery of ancillary services supporting their residential experience. The differentiating proposition of Nido, in the student housing sector, is a focus on well appointed locations within easy reach of London's 60 higher education institutions, 24 hour manned building security, on site management and best in class WIFI infrastructure. These elements are particularly important to international students who require high levels of pastoral care and make up a high proportion of total residents; coming from over 100 different countries.

Business review

The business continues to perform well achieving an average occupancy rate of 92% (2013: 92%) for the period. Occupancy is the main key performance indicator of the business and is continuously measured and reported on throughout the period.

Bookings for 2014 / 2015 remain strong which is supported by recurring bookings by both academic institutions and individual students and, as such, the Directors anticipate that the business will continue to trade profitably in the coming period.

The Company's profit before tax, on an annualised basis, is broadly in line with the year ended 31 December 2013.

The Directors believe that the Company and Nido London Sarl Group ("Group") have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements (see note 1).

Principal risk and uncertainties

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Operational risks:

Future profitability is dependent on market conditions within the rental market and the number of students wishing to study in London. Evidence suggests that the number of students studying in London from overseas is increasing each year.

The Nido business is now aligned within the sector norms of long tenancies for the majority of the academic year. A focus on service delivery and property upgrades has resulted in an increase in renewal rate from direct let bookings and demand from large group and agents bookings.

Management have also been successful in securing short summer stays during July to September with group bookings from large 'intern' programmes. These group bookings are significantly more profitable than pursuing a large volume of individual short stay client bookings. In addition, these contracts are being secured earlier in the year giving improved visibility of income.

Nido King's Cross Limited

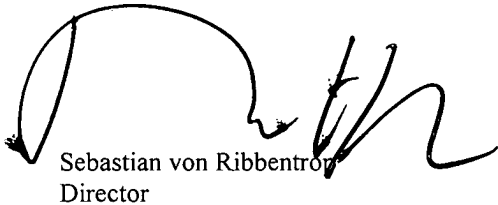
Strategic report

Financial risks:

There is also a risk of late payment of student debtors affecting the Company's cash flow and its ability to make supplier payments. However, student debtors have been tightly controlled and as yet there have been no significant problems with bad debts. Additionally, this risk is mitigated by upfront payments from students and if the student fails to pay upfront the rooms can be re-sold.

Finally, there is a loan in place between King's Cross Sarl (the parent company of Nido King's Cross Limited) and The Prudential Assurance Company Limited. Nido King's Cross Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

Approved by the Board of Directors
and signed on behalf of the Board



Sebastian von Ribbentrop
Director

23 January 2015

Nido King's Cross Limited

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 July 2014. Please see the Strategic report (page 2) for further information for subsequent events and future developments.

Results and dividends

The results of the Company for the period are shown on page 9. The profit on ordinary activities after taxation for the period is £219,861 (31 December 2013: £378,756). The directors do not recommend the payment of a dividend (2013: £nil). Please refer to the Strategic review (page 2) for commentary on going concern, financial risk & management policies.

Indemnities and insurance

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the Company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

Directors

The directors, who served throughout the period except as noted, are listed on page 1.

Corporate and Social Responsibility

Nido recognises its obligations to act responsibly, ethically and with integrity in its interactions with all stakeholders be they investors, staff, clients, suppliers, neighbours and the environment as a whole.

To this end:

1. The Company carries out regular risk assessments to guarantee the wellbeing of staff and visitors, in accordance with Health and Safety legislation.
2. The Company is a member of the National Codes (www.nationalcode.org) which aims to maintain and improve standards of operators of large student housing projects. This includes the certification of staff in those standards, which form part of the induction process for all new team members.
3. The Company actively manages its reputation, and drives best practice, through the application of Ethical Sales and Purchasing Policies.
4. The Company is an Equal Opportunities Employer which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, sexual orientation or physical ability.
5. The Company actively contributes to social and environmental initiatives in the local community through the donation obsolete operational items.

The Company commits to being open and transparent in the interests of promoting best practice.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

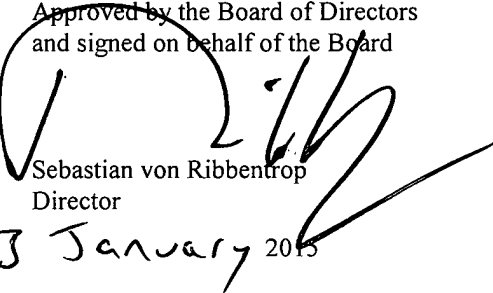
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Nido King's Cross Limited

Directors' report

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


Sebastian von Ribbentrop
Director

23 January 2015

Nido King's Cross Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclosures thereon with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Nido King's Cross Limited

We have audited the financial statements of Nido King's Cross Limited for the period ended 31 July 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Nido King's Cross Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27/11 2015

Nido King's Cross Limited

Profit and loss account Period ended 31 July 2014

		Period ended 31 July 2014 £	Year ended 31 December 2013 £
	Notes		
Turnover	1	8,615,655	13,423,679
Administrative expenses	2	(8,416,390)	(13,020,969)
Operating profit		199,265	402,710
Interest receivable and similar income		88,730	152,765
Interest payable and similar charges		(3,423)	(23,137)
Profit on ordinary activities before taxation	3	284,572	532,338
Tax on profit on ordinary activities	4	(64,711)	(153,582)
Profit for the period		219,861	378,756

All activities derive from continuing operations.

There are no other recognised gains or losses in either year other than those in the profit and loss account. Accordingly a statement of total recognised gains and losses is not presented.

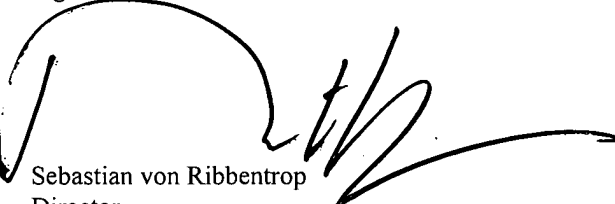
Nido King's Cross Limited

Balance sheet 31 July 2014

	Notes	31 July 2014 £	31 December 2013 £
Current assets			
Debtors	6	5,247,614	6,134,501
Cash at bank and in hand		3,120,959	2,766,127
		<u>8,368,573</u>	<u>8,900,628</u>
Creditors: amounts falling due within one year	7	<u>(6,168,408)</u>	<u>(6,920,324)</u>
Net current assets		<u>2,200,165</u>	<u>1,980,304</u>
Total assets less current liabilities		<u>2,200,165</u>	<u>1,980,304</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	2,200,164	1,980,303
Total equity shareholders' funds/(deficit)		<u>2,200,165</u>	<u>1,980,304</u>

The financial statements of Nido King's Cross Limited, registered number 06002315 were approved by the Board of Directors on 23 January 2015.

Signed on behalf of the Board of Directors


Sebastian von Ribbentrop
Director

Nido King's Cross Limited

Cash flow statement Period ended 31 July 2014

		Period ended 31 July 2014 £	Year ended 31 December 2013 £
	Notes		
Net cash (outflow)/inflow from operating activities	12	625,582	(906,584)
Returns on investment and servicing of finance			
Interest received		-	168,170
Interest paid		(472)	(23,137)
Net cash (outflow)/inflow before taxation and investing activities		625,110	(761,551)
Taxation			
UK corporation tax paid		(270,278)	-
Net cash (outflow)/inflow before investing activities		354,832	(761,551)
Amounts loaned to group undertaking		-	-
Loan from group undertaking		-	892,143
Increase/(decrease) in cash in the period	13	354,832	130,592

Nido King's Cross Limited

Notes to the accounts Period ended 31 July 2014

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Strategic report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover is derived from the United Kingdom and stated net of VAT.

Interest income

Interest income is accounted for on an accruals basis.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Operating lease

The Company has operating lease agreement with its parent company in relation to land and buildings for an amount which is dependent on the performance of the business. The amount is calculated in accordance with the agreement.

Nido King's Cross Limited

Notes to the accounts Period ended 31 July 2014

2. Administrative expenses

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
External charges	1,668,060	3,575,381
Operating lease rentals	6,699,313	9,399,218
Fees payable to the Company's auditors for the audit of the Company's annual accounts	40,350	40,170
Fees payable to the Company's auditors for taxation services	8,667	6,200
	<u>8,416,390</u>	<u>13,020,969</u>

3. Information regarding directors and employees

Directors' remuneration

During the period £Nil (2013: £7,238) was paid to the directors of the Company in respect of directors fees. No other emoluments were paid (2013: £nil).

There are no direct employees of Nido King's Cross Limited (2013: none).

4. Tax on profit on ordinary activities

a) Analysis of tax charge on ordinary activities

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Current tax		
United Kingdom corporation tax at 21.86% (2013: 23.25%) based on the profit for the period	58,751	142,617
Adjustment in respect of prior years	2,824	(6,148)
Total current tax (note 4b)	<u>61,575</u>	<u>136,469</u>
Deferred tax		
Timing differences, origination and reversal	3,136	5,961
Impact of rate exchange on opening deferred tax asset	-	5,394
Adjustment in respect of prior years	-	5,758
Total deferred tax	<u>3,136</u>	<u>17,113</u>
Total tax charge for the period	<u>64,711</u>	<u>153,582</u>

The corporate tax expense for the period is based on the blended UK statutory rate of corporation tax for the period of 21.86% (2013: 23.25%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 23% to 21% from 1 April 2014, which was enacted before 31 July 2014.

Nido King's Cross Limited

Notes to the accounts

Period ended 31 July 2014

4. Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the period

The tax charge assessed for the period is lower than (2013: higher) the standard rate of corporation tax in the UK of 21.86% (2013: 23.25%).

The differences are explained below:

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Profit on ordinary activities before taxation	284,572	532,338
Tax at 21.86% (2013: 23.25%)	62,207	123,750
Expenses not deductible for tax purposes	-	25,796
Depreciation in excess of capital allowances	(3,426)	(6,929)
Adjustment in respect of prior year tax provisions	2,824	(6,148)
Current tax charge for the period	61,575	136,469

5. Deferred tax

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Movement on deferred taxation balance in the period		
Asset at 1 January	29,999	47,112
Credited to the profit and loss account	(3,136)	(5,961)
Impact of rate change on opening deferred tax asset	-	(5,394)
Prior year adjustment	-	(5,758)
Asset at 31 December	26,863	29,999
Analysis of deferred tax balances		
Capital allowances	26,863	29,999
Total deferred tax asset	26,863	29,999

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced in the March 2014 Budget Statement to reduce the rate to 20% from 1 April 2015. These further changes have been substantially enacted on 2 July 2014. As this change in rate was substantively enacted prior to the balance sheet date it has been reflected in the deferred tax liability/asset at 31 July 2014 in accordance with UK GAAP.

Nido King's Cross Limited

Notes to the accounts Period ended 31 July 2014

6. Debtors

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Trade debtors	37,426	77,233
Other debtors	63,040	63,412
Deferred tax asset	26,863	29,999
Amounts owed from group undertaking	4,922,740	5,815,281
Prepayments and accrued income	197,545	148,576
	<u>5,247,614</u>	<u>6,134,501</u>

Included in the amount owed from group undertakings is a loan of £ 4,146,723 (2013: £3,819,137) which is repayable on demand and on which interest is charged at 4% pa.

7. Creditors

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Trade creditors	612,209	1,090,521
Other creditors	156,668	94,136
Corporation tax	67,368	276,071
Amounts owed to group undertakings	1,994,459	1,034,110
Accruals and deferred income	3,337,704	4,425,486
	<u>6,168,408</u>	<u>6,920,324</u>

Included in the amount owed to group undertakings is a loan of £Nil (2013: £892,143) which is repayable on demand and on which interest is charged at 5% pa.

8. Operating lease commitments

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current period lease rentals.

9. Called up share capital

At 31 July 2014

	Number	£
Authorised:		
Ordinary share of £1	<u>1</u>	<u>1</u>
Called up, allotted and fully paid:		
Ordinary share of £1	<u>1</u>	<u>1</u>

Nido King's Cross Limited

Notes to the accounts Period ended 31 July 2014

10. Capital and reserves

	Share capital £	Profit and loss account £	Total £
As at 31 December 2013	1	1,980,303	1,980,304
Profit for the period		219,861	219,861
As at 31 July 2014	1	2,200,164	2,200,165

11. Reconciliation of movements in shareholder's funds

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Profit for the period	219,861	378,756
Net increase in shareholder's funds	219,861	378,756
Opening shareholder's funds	1,980,304	1,601,548
Closing shareholder's funds	2,200,165	1,980,304

12. Reconciliation of operating profit to net cash outflow from operating activities

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Operating profit	199,265	402,710
(Increase)/decrease in debtors	969,530	(1,015,139)
(Decrease)/increase in creditors	(543,213)	(294,155)
Net cash (outflow)/inflow from operating activities	625,582	(906,584)

13. Analysis of net funds

	At 31 December 2013 £	Cash flows £	At 31 July 2014 £
Cash at bank and in hand	2,766,127	354,832	3,120,959

Nido King's Cross Limited

Notes to the accounts **Period ended 31 July 2014**

14. Related party transactions

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

A total of £511,486 (2013: £1,045,771) was invoiced to Nido King's Cross Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the period.

The total due to Nido Management UK Limited as at 31 July 2014 was £nil (2013: £nil).

The total due from Nido Management UK Limited as at 31 July 2014 was £10,206 (2013: £10,206).

15. Subsequent events

No material events have occurred since 31 July 2014.

16. Ultimate controlling entity

The Company's immediate parent company is Kings Cross Sarl, incorporated in Luxembourg.

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg.

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 1 boulevard de la Foire, L-1528 Luxembourg.

17. Off balance sheet arrangements

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m (balance at 31 July 2014: £266m) from The Prudential Assurance Company Limited ("Senior Lender"); Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl, including Nido King's Cross Limited.

In addition, Nido London Properties Sarl borrowed £77.84m in May 2012 (balance at 31 July 2014: £71.21m) from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender"). This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including Nido King's Cross Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

Company Registration No. 06002315

Nido King's Cross Limited

Report and Financial Statements

31 December 2013



Nido King's Cross Limited

Report and financial statements 2013

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Nido King's Cross Limited

Report and financial statements 2013

Officers and professional advisers

Directors

Peter Brigham (Resigned 19 December 2013)
Sebastian von Ribbentrop
Peter Hills
Jade Moore (Appointed 12 July 2013)
Neil Burton (Appointed 12 July 2013)

Registered Office

9 Frying Pan Alley
London
E1 7HS

Bankers

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

Auditor

Deloitte LLP
Chartered Accountants
London

Nido King's Cross Limited

Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Strategy and Objectives

The principal activity of the Company is the operation of a student accommodation business based in King's Cross, London.

The company's objective is to generate year on year yield growth, through the provision of premium city centre accommodation for students. Revenues are generated through the rent of rooms to students and the delivery of ancillary services supporting their residential experience. The differentiating proposition of Nido, in the student housing sector, is a focus on well appointed locations within easy reach of London's 60 higher education institutions, 24 hour manned building security, on site management and best in class WIFI infrastructure. These elements are particularly important to international students who require high levels of pastoral care and make up a high proportion of total residents; coming from over 100 different countries.

Business review

The business continues to perform well achieving an average occupancy rate of 92% throughout 2013 (2012: 92%). Occupancy is the main key performance indicator of the business and is continuously measured and reported on throughout the year.

Bookings for 2014 remain strong which is supported by recurring bookings by both academic institutions and individual students and, as such, the Directors anticipate that the business will continue to trade profitably in the coming year.

The company has improved its profit before tax due to careful management of its expenses, increase in interest receivable and better working capital management throughout the year.

The Directors believe that the Company and Nido London Sarl Group ("Group") have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements (see note 1).

Principal risk and uncertainties

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Operational risks:

Future profitability is dependent on market conditions within the rental market and the number of students wishing to study in London. Evidence suggests that the number of students studying in London from overseas is increasing each year.

The Nido business model has been revisited for FY 2013/14 and the business re-focussed on the quality and stability of the student housing income. In particular, the business model has been re-aligned to reduce the level of flexibility that has historically been given to 'group' tenancies and increase the flexibility provided to students that make direct bookings with Nido.

Financial risks:

There is also a risk of student debtors affecting the Company's cash flow and its ability to make supplier payments. However, student debtors have been tightly controlled and as yet there have been no problems with bad debts. Additionally, this risk is mitigated by upfront payments from students and if the student fails to pay upfront the rooms can be re-sold.

Finally, there is a loan in place between King's Cross Sarl (the parent company of Nido King's Cross Limited) and The Prudential Assurance Company Limited. Nido King's Cross Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security

Nido King's Cross Limited

Strategic report

across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

Corporate and Social Responsibility

Nido recognises its obligations to act responsibly, ethically and with integrity in its interactions with all stakeholders be they, investors, staff, clients, suppliers, neighbours and the environment as a whole.

To this end:

The Company carries out regular risk assessments to guarantee the wellbeing of staff and visitors, in accordance with Health and Safety legislation.

1. The Company carries out regular risk assessments to guarantee the wellbeing of staff and visitors, in accordance with Health and Safety legislation.
2. The Company is a member of the National Codes (www.nationalcode.org) which aims to maintain and improve standards of operators of large student housing projects. This includes the certification of staff in those standards, which form part of the induction process for all new team members.
3. The Company actively manages its reputation, and drives best practice, through the application of Ethical Sales and Purchasing Policies.
4. The Company is an Equal Opportunities Employer which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, sexual orientation or physical ability.
5. The Company actively contributes to social and environmental initiatives in the local community through the donation obsolete operational items.

The Company commits to being open and transparent in the interests of promoting best practice.

Approved by the Board of Directors
and signed on behalf of the Board



Sebastian von Ribbentrop
Director

30 May 2014

Nido King's Cross Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Results and dividends

The results of the Company for the year are shown on page 8. The profit on ordinary activities after taxation for the year is £378,756 (2012: £358,857). The directors do not recommend the payment of a dividend (2012: £nil).

Indemnities and insurance

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

Directors

The directors, who served throughout the year except as noted, are listed on page 1.

Auditor

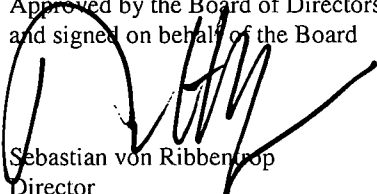
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Sebastian von Ribbenrop
Director

30 May 2014

Nido King's Cross Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Nido King's Cross Limited

We have audited the financial statements of Nido King's Cross Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Nido King's Cross Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
30 May 2014

Nido King's Cross Limited

Profit and loss account Year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	1	13,423,679	13,173,275
Administrative expenses	2	(13,020,969)	(12,778,077)
Operating profit		402,710	395,198
Interest receivable and similar income		152,765	89,985
Interest payable and similar charges		(23,137)	(5,592)
Profit on ordinary activities before taxation	3	532,338	479,591
Tax on profit on ordinary activities	4	(153,582)	(120,734)
Profit for the year		<u>378,756</u>	<u>358,857</u>

All activities derive from continuing operations.

There are no other recognised gains or losses in either year other than those in the profit and loss account.

Accordingly a statement of total recognised gains and losses is not presented.

Nido King's Cross Limited

Balance sheet 31 December 2013

	Notes	2013 £	2012 £
Current assets			
Debtors	6	6,134,501	5,119,363
Cash at bank and in hand		2,766,127	2,635,535
		<u>8,900,628</u>	<u>7,754,898</u>
Creditors: amounts falling due within one year	7	<u>(6,920,324)</u>	<u>(6,153,350)</u>
Net current assets		<u>1,980,304</u>	<u>1,601,548</u>
Total assets less current liabilities		<u>1,980,304</u>	<u>1,601,548</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	<u>1,980,303</u>	<u>1,601,547</u>
Total equity shareholders' funds/(deficit)		<u>1,980,304</u>	<u>1,601,548</u>

The financial statements of Nido King's Cross Limited, registered number 06002315 were approved by the Board of Directors on 30 May 2014.

Signed on behalf of the Board of Directors



Sebastian von Ribbertrop
Director

Nido King's Cross Limited

Cash flow statement For the year ended 31 December 2013

	Notes	2013 £	2012 £
Net cash (outflow) / inflow from operating activities	12	(906,584)	2,658,140
Returns on investment and servicing of finance			
Interest received		168,170	69,767
Interest paid		(23,137)	(5,592)
Net cash (outflow) / inflow before taxation and investing activities		<u>(761,551)</u>	<u>2,722,315</u>
Taxation			
UK corporation tax paid		-	(191,495)
Net cash (outflow) / inflow before investing activities		<u>(761,551)</u>	<u>2,530,820</u>
Amounts loaned to group undertaking		-	(3,819,136)
Loan from group undertaking		892,143	-
Increase / (decrease) in cash in the year	13	<u><u>130,592</u></u>	<u><u>(1,288,316)</u></u>

Nido King's Cross Limited

Notes to the accounts Year ended 31 December 2013

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Strategic report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover is derived from the United Kingdom and stated net of VAT.

Interest income

Interest income is accounted for on an accruals basis.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Operating lease

The Company has operating lease agreement with its parent company in relation to land and buildings for an amount which is dependent on the performance of the business. The amount is calculated in accordance with the agreement.

Nido King's Cross Limited

Notes to the accounts Year ended 31 December 2013

2. Administrative expenses

	2013 £	2012 £
External charges	3,575,381	4,565,670
Operating lease rentals	9,399,218	8,169,407
Fees payable to the Company's auditors for the audit of the Company's annual accounts	40,170	39,000
Fees payable to the Company's auditors for taxation services	6,200	4,000
	<u>13,020,969</u>	<u>12,778,077</u>

3. Information regarding directors and employees

Directors' remuneration

During the year £7,238 (2012: £nil) was paid to the directors of the Company in respect of directors fees. No other emoluments were paid (2012: £nil).

There are no direct employees of Nido King's Cross Limited (2012: none).

4. Tax on profit on ordinary activities

a) Analysis of tax charge on ordinary activities

	2013 £	2012 £
Current tax		
United Kingdom corporation tax at 23.25% (2012: 24.5%) based on the profit for the year	142,617	139,602
Adjustment in respect of prior years	(6,148)	(6,566)
Total current tax (note 4b)	<u>136,469</u>	<u>133,036</u>
Deferred tax		
Timing differences, origination and reversal	5,961	(20,749)
Impact of rate exchange on opening deferred tax asset	5,394	2,293
Adjustment in respect of prior years	5,758	6,154
Total deferred tax	<u>17,113</u>	<u>(12,302)</u>
Total tax charge for the year	<u>153,582</u>	<u>120,734</u>

The corporate tax expense for the year is based on the blended UK statutory rate of corporation tax for the year of 23.25% (2012: 24.5%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 24% to 23% from 1 April 2013, which was enacted on 2 July 2013.

Nido King's Cross Limited

Notes to the accounts Year ended 31 December 2013

4. Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the year

The tax charge assessed for the year is higher than (2012: higher) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%).

The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before taxation	532,338	479,591
Tax at 23.25% (2012: 24.5%)	123,750	117,500
Expenses not deductible for tax purposes	25,796	-
Depreciation in excess of capital allowances	(6,929)	22,102
Adjustment in respect of prior year tax provisions	(6,148)	(6,566)
Current tax charge for the year	136,469	133,036

5. Deferred tax

	2013 £	2012 £
Movement on deferred taxation balance in the year		
Asset at 1 January	47,112	34,810
Credited to the profit and loss account	(5,961)	20,749
Impact of rate change on opening deferred tax asset	(5,394)	(2,293)
Prior year adjustment	(5,758)	(6,154)
Asset at 31 December	29,999	47,112
Analysis of deferred tax balances		
Capital allowances	29,999	47,112
Total deferred tax asset	29,999	47,112

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced in the March 2013 Budget Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes have been substantively enacted on 2 July 2013. As this change in rate was substantively enacted prior to the balance sheet date it has been reflected in the deferred tax liability/ asset at 31 December 2013 in accordance with UK GAAP.

Nido King's Cross Limited

Notes to the accounts Year ended 31 December 2013

6. Debtors

	2013 £	2012 £
Trade debtors	77,233	144,240
Other debtors	63,412	96,000
Deferred tax asset	29,999	47,112
Amounts owed from group undertaking	5,815,281	4,552,249
Prepayments and accrued income	148,576	279,762
	<u>6,134,501</u>	<u>5,119,363</u>

Included in the amount owed from group undertakings is £3,819,137 (2012: £3,819,137) which is repayable on demand and on which interest is charged at 4% pa.

7. Creditors

	2013 £	2012 £
Trade creditors	1,090,521	1,500,424
Other creditors	94,136	72,818
Corporation tax	276,071	107,084
Amounts owed to group undertakings	1,034,110	441,962
Accruals and deferred income	4,425,486	4,031,062
	<u>6,920,324</u>	<u>6,153,350</u>

Included in the amount owed to group undertakings is £892,143 (2012: £nil) which is repayable on demand and on which interest is charged at 5% pa.

8. Operating lease commitments

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals.

9. Called up share capital

At 31 December 2013

	Number	£
Authorised:		
Ordinary share of £1	<u>1</u>	<u>1</u>
Called up, allotted and fully paid:		
Ordinary share of £1	<u>1</u>	<u>1</u>

Nido King's Cross Limited

Notes to the accounts Year ended 31 December 2013

10. Capital and reserves

	Share capital £	Profit and loss account £	Total £
As at 1 January 2013	1	1,601,547	1,601,548
Profit for the year	-	378,756	378,756
As at 31 December 2013	1	1,980,303	1,980,304

11. Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Profit for the year	378,756	358,857
Net increase in shareholder's funds	378,756	358,857
Opening shareholder's funds	1,601,548	1,242,691
Closing shareholder's funds	1,980,304	1,601,548

12. Reconciliation of operating profit to net cash outflow from operating activities

	2013 £	2012 £
Operating profit	402,710	395,198
(Increase) / decrease in debtors	(1,015,139)	1,309,662
(Decrease) / increase in creditors	(294,155)	953,280
Net cash (outflow)/inflow from operating activities	(906,584)	2,658,140

13. Analysis of net funds

	At 1 January 2013 £	Cash flows £	At 31 December 2013 £
Cash at bank and in hand	2,635,535	130,592	2,766,127

Nido King's Cross Limited

Notes to the accounts

Year ended 31 December 2013

14. Related party transactions

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

A total of £1,045,771 (2012: £865,030) was invoiced to Nido King's Cross Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the year.

The total due to Nido Management UK Limited as at 31 December 2013 was £nil (2012: £201,238).

The total due from Nido Management UK Limited as at 31 December 2013 was £10,206 (2012: £nil).

15. Subsequent events

No material events have occurred since 31 December 2013.

16. Ultimate controlling entity

The Company's immediate parent company is Kings Cross Sarl, incorporated in Luxembourg.

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg.

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 13-15 Avenue de la Liberte, L-1931 Luxembourg.

17. Off balance sheet arrangements

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m from The Prudential Assurance Company Limited ("Senior Lender"); Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl, including Nido King's Cross Limited.

In addition, Nido London Properties Sarl borrowed £77.84m from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender") in May 2012. This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including Nido King's Cross Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

Company Registration No: 06002315

NIDO KING'S CROSS LIMITED

Report and Financial Statements

Year ended 31 December 2012



NIDO KING'S CROSS LIMITED
REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2012

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NIDO KING'S CROSS LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2012

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Michael Pegler (Resigned 31 May 2012)
Guy Rudd (Resigned 31 May 2012)
Gordon McKie (Resigned 31 May 2012)
Peter Brigham (Appointed 31 May 2012)
Sebastian von Ribbentrop (Appointed 31 May 2012)
Peter Hills (Appointed 31 May 2012)
Jade Moore (Appointed 12 July 2013)
Neil Burton (Appointed 12 July 2013)

SECRETARY

Tracy Everson-Davis (Resigned 31 May 2012)

REGISTERED OFFICE

59 Markham Street
London
SW3 3NR

BANKERS

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

NIDO KING'S CROSS LIMITED

DIRECTORS' REPORT

The Directors present their report and audited financial statements of the Company for the year ended 31 December 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the operation of a student accommodation business based in King's Cross, London

In May 2012, the group of which Nido King's Cross Limited is part, was acquired by Nido London Sarl a company incorporated in Luxembourg (see note 16)

The business continues to perform well achieving an average occupancy of 92% throughout 2012 (2011 92%) Occupancy is the main key performance indicator of the business and is continuously measured and reported on throughout the year

Bookings for 2013 remain strong which is supported by recurring bookings by both academic institutions and individual students and, as such, the Directors anticipate that the business will continue to trade profitably in the coming year

The Directors believe that the Company and Nido London Sarl Group ("Group") have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements (see note 1)

RESULTS AND DIVIDENDS

The results of the Company for the year are shown on page 7 The profit on ordinary activities after taxation for the year is £358,857 (2011 £421,858) The Directors do not recommend the payment of a dividend (2011 £nil)

PRINCIPAL RISK AND UNCERTAINTIES

The management of the business and the implementation of the Company's strategy are subject to a number of risks The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact

Future profitability is dependent on market conditions within the rental market and the number of students wishing to study in London Evidence suggests that the number of students studying in London from overseas is increasing each year

The Nido business model has been revisited for FY 2013/14 and the business re-focussed on the quality and stability of the student housing income In particular, the business model has been re-aligned to reduce the level of flexibility that has historically been given to 'group' tenancies and increase the flexibility provided to students that make direct bookings with Nido

There is also a risk of student debtors affecting the Company's cash flow and its ability to make supplier payments However, student debtors have been tightly controlled and as yet there have been no problems with bad debts Additionally, this risk is mitigated by upfront payments from students and if the student fails to pay upfront the rooms can be re-sold

Finally, there is a loan in place between King's Cross Sarl (the parent company of Nido King's Cross Limited) and The Prudential Assurance Company Limited Nido King's Cross Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met

NIDO KING'S CROSS LIMITED

DIRECTORS' REPORT

INDEMNITIES AND INSURANCE

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

DIRECTORS

The Directors of the Company who served during the year, except as noted, are listed on page 1.

Each person who is a Director at the date of the approval of this report confirms that

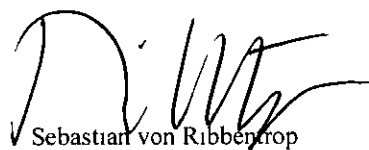
- (1) so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (2) the Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITOR

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
And signed on behalf of the Board



Sebastian von Ribbentrop
Director

27 September 2013

NIDO KING'S CROSS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NIDO KING'S CROSS LIMITED

We have audited the financial statements of Nido King's Cross Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NIDO KING'S CROSS LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures or directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Timothy Steel (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 / 9 / 2013

NIDO KING'S CROSS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	1	13,173,275	12,292,236
Administrative expenses	2	(12,778,077)	(11,855,612)
Operating profit		395,198	436,624
Interest receivable and similar income		89,985	126,507
Interest payable and similar charges		(5,592)	(680)
Profit on ordinary activities before taxation	3	479,591	562,451
Tax on profit on ordinary activities	4	(120,734)	(140,593)
Profit for the year		358,857	421,858

All activities derive from continuing operations

There are no other recognised gains or losses in either year other than those in the profit and loss account
Accordingly a statement of total recognised gains and losses is not presented

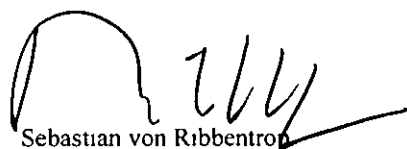
The notes on pages 10 to 15 form an integral part of the financial statements

NIDO KING'S CROSS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
CURRENT ASSETS			
Debtors	6	5,119,363	2,513,889
Cash at bank and in hand	13	2,635,535	3,923,851
Total current assets		7,754,898	6,437,740
 CREDITORS , amounts falling due within one year	7	(6,153,350)	(5,195,049)
 NET CURRENT ASSETS		1,601,548	1,242,691
 TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,601,548</u>	<u>1,242,691</u>
 CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account	10	1,601,547	1,242,690
 SHAREHOLDER'S FUNDS		<u>1,601,548</u>	<u>1,242,691</u>

The financial statements of Nido King's Cross Limited, registered number 06002315, were approved and authorised for issue by the Board of Directors on 27 September 2013 and signed on its behalf by


Sebastian von Ribbentrop
Director

27 September 2013

NIDO KING'S CROSS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Net cash inflow /(outflow) from operating activities	12	2,658,140	(1,320,445)
Returns on investment and servicing of finance			
Interest received		69,767	126,507
Interest paid		(5,592)	(680)
Net cash outflow before taxation and investing activities		2,722,315	(1,194,618)
Taxation			
UK corporation tax paid		(191,495)	(127,667)
Net cash outflow before investing activities		2,530,820	(1,322,285)
Investment in loans		(3,819,136)	-
		(6,069,665)	1,000,000
Decrease in cash in the year	13	(1,288,316)	(1,322,285)

NIDO KING'S CROSS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. A summary of principal accounting policies, all of which have been applied consistently during the current and preceding year, are set out below.

Basis of preparation

The financial information set out in this report has been prepared under the historical cost convention and on a going concern basis.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Director's report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to students which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover derives from the United Kingdom.

Interest income and expense

Interest income and expense are accounted for on an accruals basis.

Taxation

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

Deferred Tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

NIDO KING'S CROSS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

2 ADMINISTRATIVE EXPENSES

	2012	2011
	£	£
External charges	4,565,670	4,016,841
Operating lease rentals	8,169,407	7,795,771
Fees payable to the Company's auditors for the audit of the Company's annual accounts	39,000	39,000
Fees payable to the Company's auditors for taxation services	4,000	4,000
	<u>12,778,077</u>	<u>11,855,612</u>

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration

During the year the Directors of the Company received no remuneration for their services to the Company (2011 £nil)

There are no direct employees of the Company (2011 none)

4. TAX ON PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) Analysis of tax charge on ordinary activities

	2012	2011
	£	£
Current tax		
United Kingdom corporation tax at 24.5% (2011 26.5%) based on profit for the year	139,602	165,061
Adjustment in respect of prior years	(6,566)	(19,609)
Total current tax (note 4b)	<u>133,036</u>	<u>145,452</u>
Deferred tax		
Timing differences, origination and reversal	(20,749)	(13,529)
Impact of rate change on opening deferred tax asset	2,293	-
Adjustment in respect of prior years	6,154	8,670
Total deferred tax	<u>(12,302)</u>	<u>(4,859)</u>
Total tax charge for the year	<u>120,734</u>	<u>140,593</u>

The corporate tax expense for the year is based on the blended UK statutory rate of corporation tax for the year of 24.5% (2011 26.5%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 26% to 24% from 1 April 2012, which was enacted on 26 March 2012.

NIDO KING'S CROSS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

(b) Factors affecting tax charge for the year

The tax charge assessed for the year is higher than (2011 lower) the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)

The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before taxation	479,591	562,451
Tax at 24.5% (2011 26.5%)	117,500	149,049
Expenses not deductible for tax purposes	-	25,236
Depreciation in excess of capital allowances	22,102	-
Movement in short term timing differences	-	(9,225)
Adjustment in respect of prior year tax provisions	(6,566)	(19,609)
Current tax charge for the year	133,036	145,451

5 DEFERRED TAX

	2012 £	2011 £
Movement on deferred taxation balance in the year		
Asset at 1 January	34,810	-
Credited to the profit and loss account	20,749	34,810
Impact of rate change on opening deferred tax asset	(2,293)	-
Prior year adjustment	(6,154)	-
Asset at 31 December	47,112	34,810
Analysis of deferred tax balances		
Capital allowances	47,112	34,810
Total deferred tax asset	47,112	34,810

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced to reduce from 24% to 23% from 1 April 2013, which was enacted on 17 July 2012. Further reductions to the main rate were announced in the 2012 Autumn Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes had not been substantially enacted at the balance sheet date and therefore in accordance with UK GAAP, are not included in these financial statements. The deferred tax balances have been calculated based on tax rates substantively enacted at the balance sheet date.

NIDO KING'S CROSS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

6. DEBTORS

	2012 £	2011 £
Trade debtors	144,240	129,396
Other debtors	96,000	33,567
Deferred tax asset	47,111	34,810
Amounts owed from group undertaking	4,552,249	2,172,571
Prepayments and accrued income	279,763	143,545
	<u>5,119,363</u>	<u>2,513,889</u>

Included in the amount owed from group undertakings is £3,819,137 (2011 £nil) which is repayable on demand and on which interest is charged at 4% pa

7 CREDITORS

	2012 £	2011 £
Trade creditors	1,500,424	1,268,734
Other creditors	72,818	64,356
Corporation tax	107,084	102,063
Amounts owed to group undertaking	441,962	-
Accruals and deferred income	4,031,062	3,759,896
	<u>6,153,350</u>	<u>5,195,049</u>

Amounts owed to group undertakings are payable on demand, subordinated and interest free

8. OPERATING LEASE COMMITMENTS

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals

9 CALLED UP SHARE CAPITAL

At 31 December 2012

	Number	£
Authorised:		
Ordinary share of £1	<u>1</u>	<u>1</u>
Called up, allotted and fully paid.		
Ordinary share of £1	<u>1</u>	<u>1</u>

NIDO KING'S CROSS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

10 CAPITAL AND RESERVES

	Share capital £	Profit and loss account £	Total £
As at 1 January 2012	1	1,242,690	1,242,691
Profit for the year	-	358,857	358,857
As at 31 December 2012	<u>1</u>	<u>1,601,547</u>	<u>1,601,548</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2012 £	2011 £
Profit for the year	358,857	421,858
Net increase in shareholder's funds	<u>358,857</u>	<u>421,858</u>
Opening shareholder's funds	1,242,691	820,833
Closing shareholder's funds	<u>1,601,548</u>	<u>1,242,691</u>

12 RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	395,198	436,624
Decrease / (increase) in debtors	1,309,662	(2,110,006)
Increase in creditors	953,280	352,937
Net cash inflow/(outflow) from operating activities	<u>2,658,140</u>	<u>(1,320,445)</u>

13. ANALYSIS OF NET FUNDS

	At 1 January 2012 £	Cash flows £	At 31 December 2012 £
Cash at bank and in hand	3,923,851	(1,288,316)	2,635,535
	<u>3,923,851</u>	<u>(1,288,316)</u>	<u>2,635,535</u>

NIDO KING'S CROSS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

14. RELATED PARTY TRANSACTIONS

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group

A total of £241,679 (2011 £533,152) was invoiced to Nido King's Cross Limited by Blackstone Property Management Limited in relation to property management fees for services received during the year. In addition, a further £155,477 was invoiced in respect of salary and management expenses during the year (2011 £733,228)

The total due to Blackstone Property Management Limited as at 31 December 2012 was £nil (2011 £11,104)

A total of £865,030 (2011 £nil) was invoiced to Nido King's Cross Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the year

The total due to Nido Management UK Limited as at 31 December 2012 was £201,238 (2011 £nil)

15. SUBSEQUENT EVENTS

In June 2013 the Nido London Sarl group, of which the company is a part, was recapitalised with £60.75m of additional funds. These funds were used to reduce the group's Mezzanine debt, build reserve accounts for future debt service and increase working capital. As part of the recapitalisation the agreements with the Lenders were renegotiated (see note 17)

16. ULTIMATE CONTROLLING ENTITY

The Company's immediate parent company is Kings Cross Sarl, incorporated in Luxembourg

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg

The acquisition of the Company referred to in the Directors' Report on pages 2 and 3, by Nido London Sarl took place on 31 May 2012. Prior to that Kings Cross Holdings JV LP, a limited partnership registered under the laws of the Cayman Islands was the ultimate controlling entity

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 13-15 Avenue de la Liberte, L-1931 Luxembourg

17. OFF BALANCE SHEET ARRANGEMENTS

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m from The Prudential Assurance Company Limited ("Senior Lender"), Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl, including Nido King's Cross Limited

In addition, Nido London Properties Sarl borrowed £77.84m from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender") in May 2012. This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including Nido King's Cross Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security

Company Registration No. 07113525

Nido Notting Hill Limited

Report and Financial Statements

Period ended 31 July 2014

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Nido Notting Hill Limited

Report and financial statements 2014

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Nido Notting Hill Limited

Report and financial statements 2014

Officers and professional advisers

Directors

Sebastian von Ribbentrop
Peter Hills
Jade Moore
Neil Burton

Registered Office

9 Frying Pan Alley
London
E1 7HS

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Auditor

Deloitte LLP
Chartered Accountants
London

Nido Notting Hill Limited

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 July 2014.

The financial statements have been prepared in accordance with the special provisions relating to small companies under s418 of the Companies Act 2006 and therefore no strategic report is presented and the directors' report makes use of the exemptions allowable.

Principal activity and business review

The principal activity of the Company is the operation of a student accommodation business based in the Notting Hill area of London.

The business began operations in August 2011 and continues to perform well, achieving an average occupancy of 83% (2013: 83%) for the period to 31 July 2014.

Occupancy is the main key performance indicator of the business and is continuously measured and reported on throughout the period. Bookings for 2014/15 are strong with a mixture of both academic institutions and individual students. As such the directors anticipate that the business will trade profitably in the coming period.

The Company's profit before tax, on an annualised basis, is in line with the year ended 31 December 2013.

The directors believe that the Company and the Nido London Sarl Group ("Group") to which it belongs have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements (see note 1).

Results and dividends

The results of the Company for the period are shown on page 7. The profit on ordinary activities after taxation for the period is £65,367 (2013: £56,368). The directors do not recommend the payment of a dividend (2013: £nil).

Principal risk and uncertainties

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Operational risks:

Future profitability is dependent on market conditions within the rental market and the number of students wishing to study in London. Evidence suggests that the number of students studying in London from overseas is increasing each year.

The location of the Notting Hill property provides Management with increased flexibility on tenancy periods and price points offered to individual students and to student groups throughout the year, with a focus on service delivery to encourage renewals and new tenancies.

Nido Notting Hill Limited

Directors' report

Principal risk and uncertainties (continued)

Financial risks:

There is also a risk of late payment of student debtors affecting the Company's cash flow and its ability to make supplier payments. However, student debtors have been tightly controlled and as yet there have been no significant problems with bad debts. Additionally, this risk is mitigated by upfront payments from students and if the student fails to pay upfront the rooms can be re-sold.

Finally, there is a loan in place between Nido Notting Hill Sarl (the parent company of Nido Notting Hill Limited) and The Prudential Assurance Company Limited. Nido Notting Hill Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

Indemnities and insurance

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the Company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

Directors

The directors, who served throughout the period except as noted, are listed on page 1.

Auditor

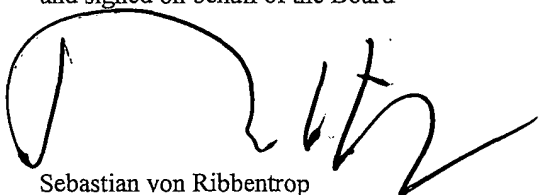
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Sebastian von Ribbentrop
Director

23 January 2015

Nido Notting Hill Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclosures thereon with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Nido Notting Hill Limited

We have audited the financial statements of Nido Notting Hill Limited for the period ended 31 July 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Nido Notting Hill Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 / 1 2015

Nido Notting Hill Limited

Profit and loss account Period ended 31 July 2014

		Period ended 31 July 2014 £	Year ended 31 December 2013 £
	Notes		
Turnover	1	2,014,258	3,229,177
Administrative expenses	2	(1,955,410)	(3,132,302)
Operating profit		58,848	96,875
Interest receivable and similar income		11,617	20,000
Interest payable and similar charges		(10,682)	(9,753)
Profit on ordinary activities before taxation	3	59,783	107,122
Tax credit/(charge) on profit on ordinary activities	4	5,584	(50,754)
Profit for the period		65,367	56,368

All activities derive from continuing operations.

There are no other recognised gains or losses in either year other than those in the profit and loss account.
Accordingly a statement of total recognised gains and losses is not presented.

Nido Notting Hill Limited

Balance sheet 31 July 2014

	Notes	31 July 2014 £	31 December 2013 £
Current assets			
Debtors	6	1,067,660	1,003,271
Cash at bank and in hand		530,978	648,822
Total current assets		<u>1,598,638</u>	<u>1,652,093</u>
Creditors: amounts falling due within one year	7	<u>(1,376,991)</u>	<u>(1,495,813)</u>
Net current assets		<u>221,647</u>	<u>156,280</u>
Total assets less current liabilities		<u>221,647</u>	<u>156,280</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	221,646	156,279
Total equity shareholders' funds		<u>221,647</u>	<u>156,280</u>

The financial statements of Nido Notting Hill Limited, registered number 07113525 were approved by the Board of Directors on 23 January 2015.

Signed on behalf of the Board of Directors


Sebastian von Ribbentrop
Director

Nido Notting Hill Limited

Notes to the accounts **Period ended 31 July 2014**

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Director's report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover is derived from the United Kingdom and stated net of VAT.

Interest income

Interest income is accounted for on an accruals basis.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Operating lease

The Company has operating lease agreement with its parent company in relation to land and buildings for an amount which is dependent on the performance of the business. The amount is calculated in accordance with the agreement.

Nido Notting Hill Limited

Notes to the accounts

Period ended 31 July 2014

2. Administrative expenses

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
External charges	612,252	1,202,074
Operating lease rentals	1,320,623	1,911,668
Fees payable to the Company's auditors for the audit of the Company	13,485	12,360
Fees payable to the Company's auditors for taxation services	9,050	6,200
	<u>1,955,410</u>	<u>3,132,302</u>

3. Information regarding directors and employees

Directors' remuneration

During the period £Nil (2013: £2,010) was paid to the directors of the Company in respect of directors fees. No other emoluments were paid (2013: £nil).

There are no direct employees of Nido Notting Hill Limited (2013: none).

4. Tax (credit)/charge on profit on ordinary activities

a) Analysis of tax charge on ordinary activities

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Current tax		
United Kingdom corporation tax at 21.86% (2013: 23.25%) based on the profit for the period	12,811	40,894
Adjustment in respect of prior years	(18,625)	4,254
Total current tax (note 4b)	<u>(5,814)</u>	<u>45,148</u>
Deferred tax		
Timing differences, origination and reversal	230	333
Impact of rate exchange on opening deferred tax asset	-	381
Adjustment in respect of prior years	-	4,892
Total deferred tax	<u>230</u>	<u>5,606</u>
Tax (credit)/charge charge on profit on ordinary activities	<u>(5,584)</u>	<u>50,754</u>

The corporate tax expense for the period is based on the blended UK statutory rate of corporation tax for the period of 21.86% (2013: 23.25%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 23% to 21% from 1 April 2014, which was enacted before 31 July 2014.

Nido Notting Hill Limited

Notes to the accounts

Period ended 31 July 2014

4. Tax (credit)/charge on profit on ordinary activities (continued)

b) Factors affecting tax charge for the period

The tax charge assessed for the period is lower than (2013: higher) the standard rate of corporation tax in the UK of 21.86% (2013: 23.25%).

The differences are explained below:

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Profit on ordinary activities before taxation	59,783	107,122
Tax at 21.86% (2013: 23.25%)	13,068	24,902
Expenses not deductible for tax purposes	-	16,378
Depreciation in excess of capital allowances	(257)	(386)
Adjustment in respect of prior year tax provisions	(18,625)	4,254
Current tax (credit)/charge for the period	(5,814)	45,148

5. Deferred tax

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Movement on deferred taxation balance in the period		
Asset at 1 January	2,204	7,810
Credited to the profit and loss account	(230)	(333)
Impact of rate change on opening deferred tax asset	-	(381)
Prior year adjustment	-	(4,892)
Asset at 31 December	1,974	2,204
Analysis of deferred tax balances		
Capital allowances	1,974	2,204
Total deferred tax asset	1,974	2,204

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced in the March 2013 Budget Statement to reduce the rate to 20% from 1 April 2015. These further changes have been substantially enacted before 31 July 2014. As this change in rate was substantively enacted prior to the balance sheet date it has been reflected in the deferred tax liability/asset at 31 July 2014 in accordance with UK GAAP.

Nido Notting Hill Limited

Notes to the accounts Period ended 31 July 2014

6. Debtors

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Trade debtors	64,595	35,036
Deferred tax asset	1,974	2,204
Amounts owed from parent undertaking	884,250	871,556
Amounts owed from group undertaking	32,650	45,582
Prepayments and accrued income	84,191	48,893
	<u>1,067,660</u>	<u>1,003,271</u>

Included in the amount owed from parent undertakings is a loan of £500,000 (2013: £500,000) which is repayable on demand and on which interest is charged at 4% pa. Amounts owed from group undertakings are payable on demand and interest free.

7. Creditors

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Trade creditors	241,882	302,896
Other creditors	151,038	125,832
Amounts owed to parent undertakings	366,814	68,566
Corporation tax	27,705	30,246
Accruals and deferred income	589,552	725,266
	<u>1,376,991</u>	<u>1,252,806</u>

Included in the amount owed to parent undertakings is a loan of £ 366,814 (2013: £346,771) which is repayable on demand and on which interest is charged at 5% pa.

8. Operating lease commitments

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals.

Nido Notting Hill Limited

Notes to the accounts

Period ended 31 July 2014

9. Called up share capital

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Called up, allotted and fully paid:		
1 Ordinary share of £1.00	1	1

10. Capital and reserves

	Share capital £	Profit and loss account £	Total £
As at 31 December 20143	1	156,279	156,280
Profit for the period		65,367	65,367
As at 31 July 2014	1	221,646	221,647

11. Reconciliation of movements in shareholder's funds

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Profit for the period	65,367	56,368
Net increase in shareholder's funds	65,367	56,368
Opening shareholder's funds	156,280	99,912
Closing shareholder's funds	221,647	156,280

12. Cash flow statement

The company has taken advantage of the exemption available under Financial Reporting Standard 1 "Cash flow statements" paragraph 5(f) relating to small companies and, therefore, a cash flow statement has not been prepared.

Nido Notting Hill Limited

Notes to the accounts

Period ended 31 July 2014

13. Related party transactions

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

A total of £149,485 (2013: £317,723) was invoiced to Nido Notting Hill Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the period.

The total due to Nido Management UK Limited as at 31 July 2014 was £nil (2013: £nil).

14. Subsequent events

No material events have occurred since 31 July 2014.

15. Ultimate controlling entity

The Company's immediate parent company is Nido Notting Hill Sarl, incorporated in Luxembourg.

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg.

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 1 boulevard de la Foire, L-1528 Luxembourg.

16. Off balance sheet arrangements

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m (balance at 31 July 2014: £266m) from The Prudential Assurance Company Limited ("Senior Lender"); Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl, including Nido Notting Hill Limited.

In addition, Nido London Properties Sarl borrowed £77.84m in May 2012 (balance at 31 July 2014: £71.21m) from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender"). This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including Nido Notting Hill Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

Company Registration No. 07113525

Nido Notting Hill Limited

Report and Financial Statements

31 December 2013

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COMPANIES HOUSE

Nido Notting Hill Limited

Report and financial statements 2013

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Nido Notting Hill Limited

Report and financial statements 2013

Officers and professional advisers

Directors

Peter Brigham (Resigned 19 December 2013)
Sebastian von Ribbentrop
Peter Hills
Jade Moore (Appointed 12 July 2013)
Neil Burton (Appointed 12 July 2013)

Registered Office

9 Frying Pan Alley
London
E1 7HS

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Auditor

Deloitte LLP
Chartered Accountants
London

Nido Notting Hill Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

The financial statements have been prepared in accordance with the special provisions relating to small companies under s418 of the Companies Act 2006 and therefore no strategic report is presented.

Principal activity and business review

The principal activity of the Company is the operation of a student accommodation business based in the Notting Hill area of London. The business operation began in August 2011 and the Directors anticipate that the business will continue to trade profitably in the coming year.

For 2013 the business continued its strong performance achieving an overall occupancy of 83% for the year (2012: 82%).

Occupancy is the main key performance indicator of the business and is continuously measured and reported on throughout the year. Bookings for 2014 are strong with a mixture of both academic institutions and individual students, as such the Directors anticipate that the business will trade profitably in the coming year.

The company has improved its profit before tax due to careful management of its expenses, increase in interest receivable and better working capital management throughout the year.

The Directors believe that the Company and Nido London Sarl Group ("Group") have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements (see note 1).

Results and dividends

The results of the Company for the year are shown on page 7. The profit on ordinary activities after taxation for the year is £56,368 (2012: £75,009). The directors do not recommend the payment of a dividend (2012: £nil).

Principal risk and uncertainties

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Operational risks:

Future profitability is dependent on market conditions within the rental market and the number of students wishing to study in London. Evidence suggests that the number of students studying in London from overseas is increasing each year.

The Nido business model has been revisited for FY 2013/14 and the business re-focussed on the quality and stability of the student housing income. In particular, the business model has been re-aligned to reduce the level of flexibility that has historically been given to 'group' tenancies and increase the flexibility provided to students that make direct bookings with Nido.

Financial risks:

There is also a risk of student debtors affecting the Company's cash flow and its ability to make supplier payments. However, student debtors have been tightly controlled and as yet there have been no problems with bad debts. Additionally, this risk is mitigated by upfront payments from students and if the student fails to pay upfront the rooms can be re-sold.

Nido Notting Hill Limited

Directors' report

Principal risk and uncertainties (continued)

Finally, there is a loan in place between Nido Notting Hill Sarl (the parent company of Nido Notting Hill Limited) and The Prudential Assurance Company Limited. Nido Notting Hill Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

Indemnities and insurance

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

Directors

The directors, who served throughout the year except as noted, are listed on page 1.

Auditor

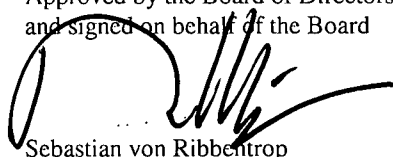
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Sebastian von Ribbentrop
Director

30 May 2014

Nido Notting Hill Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Nido Notting Hill Limited

We have audited the financial statements of Nido Notting Hill Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Nido Notting Hill Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report and Strategic Report.



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
30 May 2014

Nido Notting Hill Limited

Profit and loss account Year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	1	3,229,177	3,242,133
Administrative expenses	2	(3,132,302)	(3,144,870)
Operating profit		96,875	97,263
Interest receivable and similar income		20,000	11,781
Interest payable and similar charges		(9,753)	(10,274)
Profit on ordinary activities before taxation	3	107,122	98,770
Tax on profit on ordinary activities	4	(50,754)	(23,761)
Profit for the year		56,368	75,009

All activities derive from continuing operations.

There are no other recognised gains or losses in either year other than those in the profit and loss account.
Accordingly a statement of total recognised gains and losses is not presented.

Nido Notting Hill Limited

Balance sheet 31 December 2013

	Notes	2013 £	2012 £
Current assets			
Debtors	6	1,003,271	715,239
Cash at bank and in hand		648,822	637,479
Total current assets		1,652,093	1,352,718
Creditors: amounts falling due within one year	7	(1,495,813)	(1,252,806)
Net current assets		156,280	99,912
Total assets less current liabilities		156,280	99,912
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	156,279	99,911
Total equity shareholders' funds		156,280	99,912

The financial statements of Nido Notting Hill Limited, registered number 07113525 were approved by the Board of Directors on 30 May 2014.

Signed on behalf of the Board of Directors



Sebastian von Ribbenkrup
Director

Nido Notting Hill Limited

Notes to the accounts Year ended 31 December 2013

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Director's report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover is derived from the United Kingdom and stated net of VAT.

Interest income

Interest income is accounted for on an accruals basis.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Operating lease

The Company has operating lease agreement with its parent company in relation to land and buildings for an amount which is dependent on the performance of the business. The amount is calculated in accordance with the agreement.

Nido Notting Hill Limited

Notes to the accounts Year ended 31 December 2013

2. Administrative expenses

	2013 £	2012 £
External charges	1,202,074	1,524,772
Operating lease rentals	1,911,668	1,604,098
Fees payable to the Company's auditors for the audit of the Company's annual accounts	12,360	12,000
Fees payable to the Company's auditors for taxation services	6,200	4,000
	<u>3,132,302</u>	<u>3,144,870</u>

3. Information regarding directors and employees

Directors' remuneration

During the year £2,010 (2012: £nil) was paid to the directors of the Company in respect of directors fees. No other emoluments were paid (2012: £nil).

There are no direct employees of Nido Notting Hill Limited (2012: none).

4. Tax on profit on ordinary activities

a) Analysis of tax charge on ordinary activities

	2013 £	2012 £
Current tax		
United Kingdom corporation tax at 23.25% (2012: 24.5%) based on the profit for the year	40,894	30,246
Adjustment in respect of prior years	4,254	102
Total current tax (note 4b)	<u>45,148</u>	<u>30,348</u>
Deferred tax		
Timing differences, origination and reversal	333	(6,578)
Impact of rate exchange on opening deferred tax asset	381	107
Adjustment in respect of prior years	4,892	(116)
Total deferred tax	<u>5,606</u>	<u>(6,587)</u>
Tax charge on profit on ordinary activities	<u>50,754</u>	<u>23,761</u>

The corporate tax expense for the year is based on the blended UK statutory rate of corporation tax for the year of 23.25% (2012: 24.5%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 24% to 23% from 1 April 2013, which was enacted on 2 July 2013.

Nido Notting Hill Limited

Notes to the accounts Year ended 31 December 2013

4. Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the year

The tax charge assessed for the year is higher than (2012: higher) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%).

The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before taxation	107,122	98,770
Tax at 23.25% (2012: 24.5%)	24,902	24,199
Expenses not deductible for tax purposes	16,378	-
Depreciation in excess of capital allowances	(386)	6,047
Adjustment in respect of prior year tax provisions	4,254	102
Current tax charge for the year	45,148	30,348

5. Deferred tax

	2013 £	2012 £
Movement on deferred taxation balance in the year		
Asset at 1 January	7,810	1,223
Credited to the profit and loss account	(333)	6,578
Impact of rate change on opening deferred tax asset	(381)	(107)
Prior year adjustment	(4,892)	116
Asset at 31 December	2,204	7,810
Analysis of deferred tax balances		
Capital allowances	2,204	7,810
Total deferred tax asset	2,204	7,810

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced in the March 2013 Budget Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes have been substantially enacted on 2 July 2013. As this change in rate was substantively enacted prior to the balance sheet date it has been reflected in the deferred tax liability/ asset at 31 December 2013 in accordance with UK GAAP.

Nido Notting Hill Limited

Notes to the accounts Year ended 31 December 2013

6. Debtors

	2013 £	2012 £
Trade debtors	35,036	8,193
Deferred tax asset	2,204	7,810
Other debtors	-	197
Amounts owed from parent undertaking	871,556	511,781
Amounts owed from group undertaking	45,582	106,968
Prepayments and accrued income	48,893	80,290
	<u>1,003,271</u>	<u>715,239</u>

Included in the amount owed from parent undertakings is £500,000 (2012: £500,000) which is repayable on demand and on which interest is charged at 4% pa. Amounts owed from group undertakings are payable on demand and interest free.

7. Creditors

	2013 £	2012 £
Trade creditors	271,224	302,896
Other creditors	115,923	125,832
Amounts owed to group undertakings	359,672	68,566
Corporation tax	75,395	30,246
Accruals and deferred income	673,599	725,266
	<u>1,495,813</u>	<u>1,252,806</u>

Included in the amount owed to group undertakings is £346,771 (2012: £nil) which is repayable on demand and on which interest is charged at 5% pa.

8. Operating lease commitments

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals.

9. Called up share capital

	2013 £	2012 £
Authorised:		
1,000 Ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

Nido Notting Hill Limited

Notes to the accounts Year ended 31 December 2013

10. Capital and reserves

	Share capital £	Profit and loss account £	Total £
As at 1 January 2013	1	99,911	99,912
Profit for the year		56,368	56,368
As at 31 December 2013	1	156,279	156,280

11. Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Profit for the year	56,368	75,009
Net increase in shareholder's funds	56,368	75,009
Opening shareholder's funds	99,912	24,903
Closing shareholder's funds	156,280	99,912

12. Cash flow statement

The company has taken advantage of the exemption available under Financial Reporting Standard 1 "Cash flow statements" paragraph 5(f) relating to small companies and, therefore, a cash flow statement has not been prepared.

13. Related party transactions

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

A total of £317,723 (2012: £239,981) was invoiced to Nido Notting Hill Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the year.

The total due to Nido Management UK Limited as at 31 December 2013 was £nil (2012: £66,360).

14. Subsequent events

No material events have occurred since 31 December 2013.

15. Ultimate controlling entity

The Company's immediate parent company is Nido Notting Hill Sarl, incorporated in Luxembourg.

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg.

Nido Notting Hill Limited

Notes to the accounts

Year ended 31 December 2013

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 13-15 Avenue de la Liberte, L-1931 Luxembourg.

16. Off balance sheet arrangements

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m from The Prudential Assurance Company Limited ("Senior Lender"); Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl, including Nido Notting Hill Limited.

In addition, Nido London Properties Sarl borrowed £77.84m from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender") in May 2012. This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including Nido King's Cross Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

Company Registration No. 07113525

Nido Notting Hill Limited

Report and Financial Statements

Year ended 31 December 2012

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COMPANIES HOUSE

Nido Notting Hill Limited

Report and financial statements 2012

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Nido Notting Hill Limited

Report and financial statements 2012 Officers and professional advisers

Directors

Michael Pegler (Resigned 31 May 2012)
Guy Rudd (Resigned 31 May 2012)
Gordon McKie (Resigned 31 May 2012)
Peter Brigham (Appointed 31 May 2012)
Sebastian von Ribbentrop (Appointed 31 May 2012)
Peter Hills (Appointed 31 May 2012)
Jade Moore (Appointed 12 July 2013)
Neil Burton (Appointed 12 July 2013)

Secretary

Tracy Everson-Davis (Resigned 31 May 2012)

Registered Office

59 Markham Street
London
SW3 3NR

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Nido Notting Hill Limited

Directors' report

The Directors present their report and audited financial statements of the Company for the year ended 31 December 2012

Principal activity and business review

The principal activity of the Company is the operation of a student accommodation business based in the Notting Hill area of London. The business opened in August 2011 and the Directors anticipate that the business will continue to trade profitably in the coming year.

In May 2012, the group of which Nido Notting Hill Limited is part, was acquired by Nido London Sarl a company incorporated in Luxembourg (see note 16).

From the start of operations in August 2011 till the end of that year the business reported an occupancy of 79% for the period. For 2012 the business continued its strong performance achieving an overall occupancy of 82% for the year (2011: 79%).

Occupancy is the main key performance indicator of the business and is continuously measured and reported on throughout the year. Bookings for 2013 are strong with a mixture of both academic institutions and individual students, as such the Directors anticipate that the business will trade profitably in the coming year.

The Directors believe that the Company and Nido London Sarl Group ("Group") have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements (see note 1).

Results and dividends

The results of the Company for the year are shown on page 7. The profit on ordinary activities after taxation for the year is £75,009 (2011: £24,902). The Directors do not recommend the payment of a dividend (2011: £nil).

Principal risk and uncertainties

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Future profitability is dependent on market conditions within the rental market and the number of students wishing to study in London. Evidence suggests that the number of students studying in London from overseas is increasing each year.

The Nido business model has been revisited for FY 2013/14 and the business re-focussed on the quality and stability of the student housing income. In particular, the business model has been re-aligned to reduce the level of flexibility that has historically been given to 'group' tenancies and increase the flexibility provided to students that make direct bookings with Nido.

There is also a risk of student debtors affecting the Company's cash flow and its ability to make supplier payments. However, student debtors have been tightly controlled and as yet there have been no problems with bad debts. Additionally, this risk is mitigated by upfront payments from students and if the student fails to pay upfront the rooms can be re-sold.

Finally, there is a loan in place between Nido Notting Hill Sarl (the parent company of Nido Notting Hill Limited) and The Prudential Assurance Company Limited. Nido Notting Hill Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

Nido Notting Hill Limited

Directors' report

Indemnities and insurance

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

Directors

The Directors of the Company who served during the year, except as noted, are listed on page 1.

Each person who is a Director at the date of the approval of this report confirms that

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

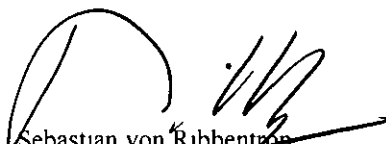
Small company exemptions

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption under section 415(A) of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors
And signed on behalf of the Board



Sebastian von Ribbentrop
Director

27 September 2013

Nido Notting Hill Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Nido Notting Hill Limited

We have audited the financial statements of Nido Notting Hill Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Nido Notting Hill Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report, or
- we have not received all the information and explanations we require for our audit



Timothy Steel (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 / 9 / 2013

Nido Notting Hill Limited

Profit and loss account Year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	1	3,242,133	1,046,268
Administrative expenses	2	(3,144,870)	(1,012,845)
Operating profit		97,263	33,423
Interest receivable and similar income		11,781	585
Interest payable and similar charges		(10,274)	(28)
Profit on ordinary activities before taxation	3	98,770	33,980
Tax on profit on ordinary activities	4	(23,761)	(9,078)
Profit for the year		75,009	24,902

All activities derive from continuing operations

There are no other recognised gains or losses in either year other than those in the profit and loss account
Accordingly a statement of total recognised gains and losses is not presented

The notes on pages 9 to 13 form an integral part of the financial statements

Nido Notting Hill Limited

Balance sheet At 31 December 2012

	Notes	2012 £	2011 £
Current assets			
Debtors	6	715,239	141,622
Cash at bank and in hand		637,479	1,449,767
Total current assets		<u>1,352,718</u>	<u>1,591,389</u>
 Creditors: amounts falling due within one year	 7	 (1,252,806)	 (1,566,486)
Net current assets		<u>99,912</u>	<u>24,903</u>
Total assets less current liabilities		<u>99,912</u>	<u>24,903</u>
 Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	99,911	24,902
Shareholder's funds		<u>99,912</u>	<u>24,903</u>

The financial statements of Nido Notting Hill Limited, registered number 07113525 were approved and authorised for issue by the Board of Directors on 27 September 2013 and signed on its behalf by

Signed on behalf of the Board of Directors



Sebastian von Ribbentrop

27 September 2013

Nido Notting Hill Limited

Notes to the accounts

Year ended 31 December 2012

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. A summary of principal accounting policies, all of which have been applied consistently during the current and preceding year, are set out below.

Basis of accounting

The financial information set out in this report has been prepared under the historical cost convention and on a going concern basis.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Director's report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to students which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover derives from the United Kingdom.

Interest income

Interest income is accounted for on an accruals basis.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Nido Notting Hill Limited

Notes to the accounts Year ended 31 December 2012

2. Administrative expenses

	2012	2011
	£	£
External charges	1,524,772	529,615
Operating lease rentals	1,604,098	467,230
Fees payable to the Company's auditors for the audit of the Company's annual accounts	12,000	12,000
Fees payable to the Company's auditors for taxation services	4,000	4,000
	<u>3,144,870</u>	<u>1,012,845</u>

3 Information regarding directors and employees

Directors' remuneration

During the year the Directors of the Company received no remuneration for their services to the Company (2011 £nil)

There are no direct employees of Nido Notting Hill Limited (2011 none)

4. Taxation

(a) Taxation – analysis of tax charge in year

	2012	2011
	£	£
Current tax		
UK Corporation tax at 24.5% (2011 26.5%)	30,246	10,301
Adjustments in respect of prior years	102	-
Total current tax	<u>30,348</u>	<u>10,301</u>
Deferred tax		
Timing differences, origination and reversal	(6,578)	(1,223)
Impact of rate change on opening deferred tax asset	107	-
Adjustment in respect of prior year	(116)	-
Total deferred tax	<u>(6,587)</u>	<u>(1,223)</u>
Tax charge on profit on ordinary activities	<u>23,761</u>	<u>9,078</u>

The corporate tax expense for the year is based on the blended UK statutory rate of corporation tax for the year of 24.5% (2011 26.5%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 26% to 24% from 1 April 2012, which was enacted on 26 March 2012.

(b) Factors affecting the tax charge in the year

The tax charge assessed for the year is higher than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%).

The differences are explained below

Nido Notting Hill Limited

Notes to the accounts Year ended 31 December 2012

	2012 £	2011 £
Profit on ordinary activities before tax	98,770	33,980
Tax charge at 24.5% (2011: 26.5%)	24,199	9,004
Effects of		
Items not deductible for tax purposes	-	1,621
Depreciation in excess of capital allowances	6,047	(324)
Adjustment to the tax charge in respect of prior years	102	-
Current tax charge for the year	30,348	10,301
5. Deferred tax		
	2012 £	2011 £
Movement on deferred taxation balance in the year		
Asset at 1 January	1,223	-
Credited to the profit and loss account	6,578	1,223
Impact of rate change on opening deferred tax asset	(107)	-
Prior year adjustment	116	-
Asset at 31 December	7,810	1,223
Analysis of deferred tax balances		
Capital allowances	7,810	1,223
Total deferred tax asset	7,810	1,223

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced to reduce from 24% to 23% from 1 April 2013, which was enacted on 17 July 2012. Further reductions to the main rate were announced in the 2012 Autumn Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes had not been substantially enacted at the balance sheet date and therefore in accordance with UK GAAP, are not included in these financial statements. The deferred tax balances have been calculated based on tax rates substantively enacted at the balance sheet date.

6 Debtors

	2012 £	2011 £
Trade debtors	8,193	3,136
Deferred tax asset	7,810	1,223
Other debtors	197	1,625
Amounts owed from parent undertaking	511,781	89,619
Amounts owed from group undertaking	106,968	10,122
Prepayments and accrued income	80,290	35,897
	715,239	141,622

Nido Notting Hill Limited

Notes to the accounts Year ended 31 December 2012

Included in the amount owed from parent undertakings is £500,000 (2011 £nil) which is repayable on demand and on which interest is charged at 4% pa. Amounts owed from group undertakings are payable on demand and interest free.

7. Creditors

	2012	2011
	£	£
Trade creditors	302,896	493,597
Other creditors	125,832	3,461
Amounts owed to parent undertaking	68,566	-
Corporation tax	30,246	10,301
Accruals and deferred income	725,266	1,059,127
	<u>1,252,806</u>	<u>1,566,486</u>

Amounts owed to parent undertakings are payable on demand, subordinated and interest free.

8 Operating lease rentals

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals.

9 Called up share capital

	2012	2011
	£	£
Authorised:		
1,000 ordinary share of £1	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
1 ordinary share of £1	<u>1</u>	<u>1</u>

Nido Notting Hill Limited

Notes to the accounts Year ended 31 December 2012

10. Capital and reserves

	Share capital £	Profit and loss account £	Total £
At 1 January 2012	1	24,902	24,903
Profit for the year	-	75,009	75,009
At 31 December 2012	1	99,911	99,912

11 Reconciliation of movements in shareholder's funds

	2012 £	2011 £
Profit for the year	75,009	24,902
Net increase in shareholder's funds	75,009	24,902
Opening shareholder's funds	24,903	1
Closing shareholder's funds	99,912	24,903

12 Cash flow statement

The company has taken advantage of the exemption available under Financial Reporting Standard 1 "Cash flow statements" paragraph 5(f) relating to small companies and, therefore, a cash flow statement has not been prepared

13. Related party transactions

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group

A total of £91,010 (2011 £23,065) was invoiced to Nido Notting Hill Limited by Blackstone Property Management Limited in relation to property management services received during the year. In addition, a further £61,979 was invoiced in respect of salary and management expenses during the year (2011 £115,861)

The total due to Blackstone Property Management Limited as at 31 December 2012 was £nil (2011 £166,711)

A total of £239,981 (2011 £nil) was invoiced to Nido Notting Hill Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the year

The total due to Nido Management UK Limited as at 31 December 2012 was £66,360 (2011 £nil)

14 Subsequent events

In June 2013 the Nido London Sarl group of which the company is a part, was recapitalised with £60.75m of additional funds. These funds were used to reduce the group's Mezzanine debt, build reserve accounts for future debt service and increase working capital. As part of the recapitalisation the agreements with the Lenders were renegotiated (see note 16)

Nido Notting Hill Limited

Notes to the accounts

Year ended 31 December 2012

15 Ultimate party undertaking

The company's immediate parent company is Nido Notting Hill JV Sarl, incorporated in Luxembourg

The Company's ultimate controlling party is Nido London Sarl, a company incorporated in Luxembourg

The acquisition of the Company referred to in the Directors' Report on pages 2 and 3, by Nido London Sarl took place on 31 May 2012. Prior to that Nido Notting Hill Holding Sarl, a company incorporated in Luxembourg was the ultimate controlling entity

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 13-15 Avenue de la Liberte, L-1931, Luxembourg

16. Off balance sheet arrangements

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m from The Prudential Assurance Company Limited ("Senior Lender"), Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl, including Nido Notting Hill Limited

In addition, Nido London Properties Sarl borrowed £77.84m from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender") in May 2012. This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including Nido Notting Hill Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security

Company Registration No. 06059074

Nido Spitalfields Limited

Report and Financial Statements

Period ended 31 July 2014

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Nido Spitalfields Limited

Report and financial statements 2014

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Nido Spitalfields Limited

Report and financial statements 2014

Officers and professional advisers

Directors

Sebastian von Ribbentrop
Peter Hills
Jade Moore
Neil Burton

Registered Office

9 Frying Pan Alley
London
E1 7HS

Bankers

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

Nido Spitalfields Limited

Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Strategy and objectives

The principal activity of the Company is the operation of a student accommodation business based in the Spitalfields area of London. The business operations began in June 2010 and the Directors anticipate that the business will continue to trade profitably in the coming period.

The company's objective is to generate yield growth, through the provision of premium city centre accommodation for students. Revenues are generated through the rent of rooms to students and the delivery of ancillary services supporting their residential experience. The differentiating proposition of Nido, in the student housing sector, is a focus on well appointed locations within easy reach of London's 60 higher education institutions, 24 hour manned building security, on site management and best in class WIFI infrastructure. These elements are particularly important to international students who require high levels of pastoral care and make up a high proportion of total residents; coming from over 100 different countries.

Business review

The business continues to perform well achieving an average occupancy rate of 90% (2013: 83%) for the period.

Occupancy is the main key performance indicator of the business and is continuously measured and reported on throughout the period. Bookings for 2014/15 are strong with a mixture of both academic institutions and individual students. As such the Directors anticipate that the business will trade profitably in the coming period.

The Company has improved its profit before tax, on an annualised basis, due to increased occupancy at higher yields during the period.

The Directors believe that the Company and the Group to which it belongs have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Principal risk and uncertainties

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Operational risks:

Future profitability is dependent on market conditions within the rental market and the number of students wishing to study in London. Evidence suggests that the number of students studying in London from overseas is increasing each year.

The Nido business is now aligned within the sector norms of long tenancies for the majority of the academic year. A focus on service delivery and property upgrades has resulted in an increase in renewal rate from direct let bookings and demand from large group and agents bookings.

Management have also been successful in securing short summer stays during July to September with group bookings from large 'intern' programmes. These group bookings are significantly more profitable than pursuing a large volume of individual short stay client bookings. In addition, these contracts are being secured earlier in the year giving improved visibility of income.

The Company undertook a significant capital expenditure programme during summer 2014 improving common areas consistent with the objective of delivering premium accommodation and residential experience. Occupancy levels held up during this period and future bookings remain strong.

Nido Spitalfields Limited

Strategic report

Principal risk and uncertainties (continued)

Financial risks:

There is also a risk of late payment of student debtors affecting the Company's cash flow and its ability to make supplier payments. However, student debtors have been tightly controlled and as yet there have been no significant problems with bad debts. Additionally, this risk is mitigated by upfront payments from students and if the student fails to pay upfront the rooms can be re-sold.

Finally, there is a loan in place between Middlesex JV Sarl (the parent company of Nido Spitalfields Limited) and The Prudential Assurance Company Limited. Nido Spitalfields Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be manageable as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

Approved by the Board of Directors
and signed on behalf of the Board



Sebastian von Ribbentrop
Director

23 January 2015

Nido Spitalfields Limited

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 July 2014. Please see the Strategic report (page 2) for further information for subsequent events and future developments.

Results and dividends

The results of the Company for the period are shown on page 9. The profit on ordinary activities after taxation for the period is £358,256 (31 December 2013: £457,127). The directors do not recommend the payment of a dividend (31 December 2013: £nil). Please refer to the Strategic review (page 2) for commentary on going concern, financial risk & management policies.

Indemnities and insurance

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the Company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

Corporate and Social Responsibility

Nido recognises its obligations to act responsibly, ethically and with integrity in its interactions with all stakeholders be they, investors, staff, clients, suppliers, neighbours and the environment as a whole.

To this end:

1. The Company carries out regular risk assessments to guarantee the wellbeing of staff and visitors, in accordance with Health and Safety legislation.
2. The Company is a member of the National Codes (www.nationalcode.org) which aims to maintain and improve standards of operators of large student housing projects. This includes the certification of staff in those standards, which form part of the induction process for all new team members.
3. The Company actively manages its reputation, and drives best practice, through the application of Ethical Sales and Purchasing Policies.
4. The Company is an Equal Opportunities Employer which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, sexual orientation or physical ability.
5. The Company actively contributes to social and environmental initiatives in the local community through the donation obsolete operational items.
6. The Company commits to being open and transparent in the interests of promoting best practice.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

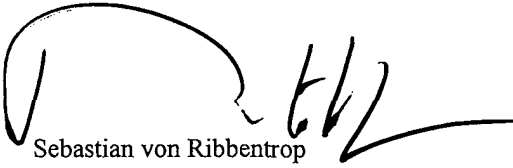
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Nido Spitalfields Limited

Directors' report

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, consisting of a large, stylized 'V' followed by a series of loops and a long horizontal stroke.

Sebastian von Ribbentrop
Director

23 January 2015

Nido Spitalfields Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclosures thereon with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Nido Spitalfields Limited

We have audited the financial statements of Nido Spitalfields Limited for the period ended 31 July 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Nido Spitalfields Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Timothy Steel (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 | 1 2015

Nido Spitalfields Limited

Profit and loss account Period ended 31 July 2014

		Period ended 31 July 2014 £	Year ended 31 December 2013 £
	Notes		
Turnover	1	10,030,763	14,728,457
Administrative expenses	2	(9,730,159)	(14,304,882)
Operating profit		300,604	423,575
Interest receivable and similar income		114,698	238,935
Interest payable and similar charges		(16,575)	(28,066)
Profit on ordinary activities before taxation	3	398,727	634,444
Tax on profit on ordinary activities	4	(40,471)	(177,317)
Profit for the period		358,256	457,127

All activities derive from continuing operations.

There are no other recognised gains or losses in either year other than those in the profit and loss account.
Accordingly a statement of total recognised gains and losses is not presented.

Nido Spitalfields Limited

Balance sheet 31 July 2014

	Notes	31 July 2014 £	31 December 2013 £
Current assets			
Debtors	6	5,773,537	5,681,222
Cash at bank and in hand		2,269,371	3,684,907
Total current assets		<u>8,042,908</u>	<u>9,366,129</u>
Creditors: amounts falling due within one year	7	<u>(6,343,383)</u>	<u>(8,024,860)</u>
Net current assets		<u>1,699,525</u>	<u>1,341,269</u>
Total assets less current liabilities		<u>1,699,525</u>	<u>1,341,269</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	1,699,524	1,341,268
Total equity shareholders' funds		<u>1,699,525</u>	<u>1,341,269</u>

The financial statements of Nido Spitalfields Limited, registered number 06059074 were approved by the Board of Directors on 23 January 2015.

Signed on behalf of the Board of Directors



Sebastian von Ribbentrop
Director

Nido Spitalfields Limited

Cash flow statement Period ended 31 July 2014

		Period ended 31 July 2014 £	Year ended 31 December 2013 £
	Notes		
Net cash (outflow)/inflow from operating activities	12	(1,103,378)	33,684
Returns on investment and servicing of finance			
Interest received		-	230,172
Interest paid		(434)	(28,066)
Net cash (outflow)/inflow before taxation and investing activities		(1,103,812)	235,790
Taxation			
UK corporation tax paid		(311,724)	-
Net cash inflow before investing activities		(1,415,536)	235,790
Capital expenditure and financial investment			
Amounts loaned to group undertaking		-	-
Repayment of loan by group undertaking		-	1,133,620
Loan from group undertaking		-	552,702
Increase/(decrease) in cash and cash equivalents	13	(1,415,536)	1,922,112

Nido Spitalfields Limited

Notes to the accounts **Period ended 31 July 2014**

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Strategic report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover is derived from the United Kingdom and stated net of VAT.

Interest income

Interest income is accounted for on an accruals basis.

Investments in loans

Loans receivable are stated at their unpaid principal balance less any provision for impairment deemed necessary by the directors.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Operating lease

The Company has an operating lease agreement with its parent company in relation to land and buildings for an amount which is dependent on the performance of the business. The amount is calculated in accordance with the agreement.

Nido Spitalfields Limited

Notes to the accounts Period ended 31 July 2014

2. Administrative expenses

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
External charges	2,109,370	4,127,153
Operating lease rentals	7,576,582	10,136,509
Fees payable to the Company's auditors for the audit of the Company's annual accounts	35,540	35,020
Fees payable to the Company's auditors for taxation services	8,667	6,200
	<u>9,730,159</u>	<u>14,304,882</u>

3. Information regarding directors and employees

Directors' remuneration

During the period £Nil (2013: £9,652) was paid to the directors of the Company in respect of directors fees. No other emoluments were paid (2013: £nil).

There are no direct employees of Nido Spitalfields Limited (2013: none).

4. Tax on profit on ordinary activities

a) Analysis of tax charge on ordinary activities

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Current tax		
United Kingdom corporation tax at 21.86% (2013: 23.25%) based on the profit for the period	85,199	165,220
Adjustment in respect of prior years	(46,902)	3,334
Total current tax (note 4b)	<u>38,297</u>	<u>168,554</u>
Deferred tax		
Timing differences, origination and reversal	1,735	2,690
Impact of rate exchange on opening deferred tax asset	-	2,959
Adjustment in respect of prior years	439	3,114
Total deferred tax charge/(credit)	<u>2,174</u>	<u>8,763</u>
Tax charge on profit on ordinary activities	<u>40,471</u>	<u>177,317</u>

The corporate tax expense for the period is based on the blended UK statutory rate of corporation tax for the period of 21.86% (2013: 23.25%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 23% to 21% from 1 April 2014, which was enacted before 31 July 2014.

Nido Spitalfields Limited

Notes to the accounts

Period ended 31 July 2014

4. Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the period

The tax charge assessed for the period is lower than (2013: higher) the standard rate of corporation tax in the UK of 21.86% (2013: 23.25%).

The differences are explained below:

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Profit on ordinary activities before taxation	398,727	634,444
Tax at 21.86% (2013: 23.25%)	87,161	147,487
Expenses not deductible for tax purposes	-	20,859
Depreciation in excess of capital allowances	(1,962)	(3,126)
Adjustment in respect of prior year tax provisions	(46,902)	3,334
Current tax charge for the period	38,297	168,554

5. Deferred tax

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Movement on deferred taxation balance in the period		
Asset at 1 January	17,039	25,802
(Charge) to the profit and loss account	(1,735)	(2,690)
Impact of rate change on opening deferred tax asset	-	(2,959)
Prior year adjustment	(439)	(3,114)
Asset at 31 December	14,864	17,039
Analysis of deferred tax balances		
Capital allowances	14,864	17,039
Total deferred tax asset	14,864	17,039

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced in the March 2014 Budget Statement to reduce the rate to 20% from 1 April 2015. These further changes have been substantially enacted before July 2014. As this change in rate was substantively enacted prior to the balance sheet date it has been reflected in the deferred tax liability/asset at 31 July 2014 in accordance with UK GAAP.

Nido Spitalfields Limited

Notes to the accounts Period ended 31 July 2014

6. Debtors

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Trade debtors	70,661	228,626
Deferred tax asset (note 5)	14,864	17,039
Amounts owed from group undertaking	5,286,454	5,142,365
Prepayments and accrued income	401,558	293,192
	<u>5,773,537</u>	<u>5,681,222</u>

Included in the amount owed from group undertakings is a loan of £5,067,492 (2013: £4,936,045) which is repayable on demand and on which interest is charged at 4% pa. The remaining amounts owed from group undertaking are payable on demand and interest free.

7. Creditors

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Trade creditors	758,071	1,091,656
Other creditors	771,517	75,143
Corporation tax	94,418	367,846
Amounts owed to group undertaking	2,427,223	2,288,447
Accruals and deferred income	2,292,154	4,201,768
	<u>6,343,383</u>	<u>8,024,860</u>

Included in the amount owed to group undertakings is a loan of £571,169 (2013: £552,702) which is repayable on demand and on which interest is charged at 5% pa. The remaining amounts owed to group undertaking are payable on demand and interest free

8. Operating lease commitments

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals.

9. Called up share capital

At 31 July 2014

	Number	£
Called up, allotted and fully paid:		
Ordinary share of £1	<u>1</u>	<u>1</u>

Nido Spitalfields Limited

Notes to the accounts Period ended 31 July 2014

10. Capital and reserves

	Share capital £	Profit and loss account £	Total £
As at 31 December 2013	1	1,341,268	1,341,269
Profit for the period		358,256	358,326
		<hr/>	<hr/>
As at 31 July 2014	1	1,669,524	1,699,525
		<hr/>	<hr/>

11. Reconciliation of movements in shareholder's funds

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Profit for the period	358,256	457,127
	<hr/>	<hr/>
Net increase in shareholder's funds	358,256	457,127
	<hr/>	<hr/>
Opening shareholder's funds	1,341,269	884,142
	<hr/>	<hr/>
Closing shareholder's funds	1,699,525	1,341,269
	<hr/>	<hr/>

12. Net cash inflow from operating activities

	Period ended 31 July 2014 £	Year ended 31 December 2013 £
Operating profit	300,604	423,575
Decrease/(increase) in debtors	4,067	1,424,452
(Decrease)/increase in creditors	(1,408,049)	(1,814,343)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(1,103,378)	33,684
	<hr/>	<hr/>

13. Analysis of net funds

	At 31 December 2013 £	Cash flows £	At 31 July 2014 £
Cash at bank and in hand	3,684,907	(1,415,536)	2,269,371
	<hr/>	<hr/>	<hr/>
Net cash inflow from operating activities	3,684,907	(1,415,536)	2,269,371
	<hr/>	<hr/>	<hr/>

Nido Spitalfields Limited

Notes to the accounts Period ended 31 July 2014

14. Related party transactions

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

A total of £691,881 (2013: £1,467,940) was invoiced to Nido Spitalfields Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the period.

The total due to Nido Management UK Limited as at 31 July 2014 was £nil (2013: £nil).

15. Subsequent events

No material events have occurred since 31 July 2014.

16. Ultimate controlling entity

The Company's immediate parent company is Middlesex JV Sarl, a Company incorporated in Luxembourg.

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg.

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 1 boulevard de la Foire, L-1528 Luxembourg.

17. Off balance sheet arrangements

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m (balance at 31 July 2014: £266m) from The Prudential Assurance Company Limited ("Senior Lender"); Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl, including Nido Spitalfields Limited.

In addition, Nido London Properties Sarl borrowed £77.84m in May 2012 (balance at 31 July 2014: £71.21m) from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender"). This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including Nido Spitalfields Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

Company Registration No. 06059074

Nido Spitalfields Limited

Report and Financial Statements

31 December 2013

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COMPANIES HOUSE

Nido Spitalfields Limited

Report and financial statements 2013

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Nido Spitalfields Limited

Report and financial statements 2013

Officers and professional advisers

Directors

Peter Brigham (Resigned 19 December 2013)
Sebastian von Ribbentrop
Peter Hills
Jade Moore (Appointed 12 July 2013)
Neil Burton (Appointed 12 July 2013)

Registered Office

9 Frying Pan Alley
London
E1 7HS

Bankers

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

Nido Spitalfields Limited

Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Strategy and Objectives

The principal activity of the Company is the operation of a student accommodation business based in the Spitalfields area of London. The business operations began in June 2010 and the Directors anticipate that the business will continue to trade profitably in the coming year.

The company's objective is to generate year on year yield growth, through the provision of premium city centre accommodation for students. Revenues are generated through the rent of rooms to students and the delivery of ancillary services supporting their residential experience. The differentiating proposition of Nido, in the student housing sector, is a focus on well appointed locations within easy reach of London's 60 higher education institutions, 24 hour manned building security, on site management and best in class WIFI infrastructure. These elements are particularly important to international students who require high levels of pastoral care and make up a high proportion of total residents; coming from over 100 different countries.

Business review

The business continues to perform well achieving an average occupancy rate of 83% (2012: 85%) for the year. Occupancy is the main key performance indicator of the business and is continuously measured and reported on throughout the year. Bookings for 2014 look strong and should continue to grow.

The company has improved its profit before tax due to reduction in administrative expenses, increase in interest receivable and better working capital management throughout the year.

The Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Principal risk and uncertainties

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Operational risks:

Future profitability is dependent on market conditions within the rental market and the number of students wishing to study in London. Evidence suggests that the number of students studying in London from overseas is increasing each year.

The Nido business model has been revisited for FY 2013/14 and the business re-focussed on the quality and stability of the student housing income. In particular, the business model has been re-aligned to reduce the level of flexibility that has historically been given to 'group' tenancies and increase the flexibility provided to students that make direct bookings with Nido.

Financial risks:

There is also a risk of student debtors affecting the Company's cash flow and its ability to make supplier payments. However, student debtors have been tightly controlled and as yet there have been no problems with bad debts. Additionally, this risk is mitigated by upfront payments from students and if the student fails to pay upfront the rooms can be re-sold.

Finally, there is a loan in place between Middlesex JV Sarl (the parent company of Nido Spitalfields Limited) and The Prudential Assurance Company Limited. Nido Spitalfields Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido

Nido Spitalfields Limited

Strategic report

London Sarl group. Following this the risk is considered by the Directors to be manageable as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

Corporate and Social Responsibility

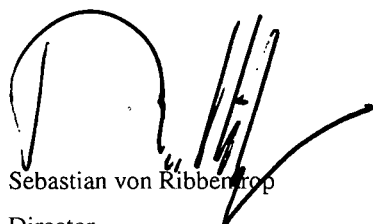
Nido recognises its obligations to act responsibly, ethically and with integrity in its interactions with all stakeholders be they, investors, staff, clients, suppliers, neighbours and the environment as a whole.

To this end:

The Company carries out regular risk assessments to guarantee the wellbeing of staff and visitors, in accordance with Health and Safety legislation.

1. The Company carries out regular risk assessments to guarantee the wellbeing of staff and visitors, in accordance with Health and Safety legislation.
2. The Company is a member of the National Codes (www.nationalcode.org) which aims to maintain and improve standards of operators of large student housing projects. This includes the certification of staff in those standards, which form part of the induction process for all new team members.
3. The Company actively manages its reputation, and drives best practice, through the application of Ethical Sales and Purchasing Policies.
4. The Company is an Equal Opportunities Employer which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, sexual orientation or physical ability.
5. The Company actively contributes to social and environmental initiatives in the local community through the donation obsolete operational items.
6. The Company commits to being open and transparent in the interests of promoting best practice.

Approved by the Board of Directors
and signed on behalf of the Board



Sebastian von Ribbenrop

Director

30 May 2014

Nido Spitalfields Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Results and dividends

The results of the Company for the year are shown on page 8. The profit on ordinary activities after taxation for the year is £457,127 (2012: £459,791). The directors do not recommend the payment of a dividend (2012: £nil).

Indemnities and insurance

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

Auditor

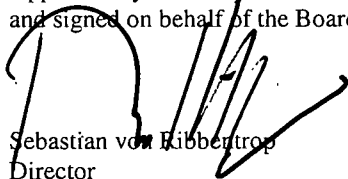
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Sebastian von Ribbentrop
Director

30 May 2014

Nido Spitalfields Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Nido Spitalfields Limited

We have audited the financial statements of Nido Spitalfields Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Nido Spitalfields Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Timothy Steel (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
30 May 2014

Nido Spitalfields Limited

Profit and loss account Year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	1	14,728,457	15,686,628
Administrative expenses	2	(14,304,882)	(15,216,624)
Operating profit		423,575	470,004
Interest receivable and similar income		238,935	143,011
Interest payable and similar charges		(28,066)	-
Profit on ordinary activities before taxation	3	634,444	613,015
Tax on profit on ordinary activities	4	(177,317)	(153,224)
Profit for the year		457,127	459,791

All activities derive from continuing operations.

There are no other recognised gains or losses in either year other than those in the profit and loss account.
Accordingly a statement of total recognised gains and losses is not presented.


Nido Spitalfields Limited

Balance sheet 31 December 2013

	Notes	2013 £	2012 £
Current assets			
Debtors	6	5,681,222	8,239,294
Cash at bank and in hand		3,684,907	1,762,795
Total current assets		<u>9,366,129</u>	<u>10,002,089</u>
Creditors: amounts falling due within one year	7	<u>(8,024,860)</u>	<u>(9,117,947)</u>
Net current assets		<u>1,341,269</u>	<u>884,142</u>
Total assets less current liabilities		<u>1,341,269</u>	<u>884,142</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	<u>1,341,268</u>	<u>884,141</u>
Total equity shareholders' funds		<u>1,341,269</u>	<u>884,142</u>

The financial statements of Nido Spitalfields Limited, registered number 06059074 were approved by the Board of Directors on 30 May 2014.

Signed on behalf of the Board of Directors


Sebastian von Ribbentrop
Director

Nido Spitalfields Limited

Cash flow statement For the year ended 31 December 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	12	33,684	2,330,816
Returns on investment and servicing of finance			
Interest received		230,172	150,674
Interest paid		(28,066)	-
Net cash (outflow)/inflow before taxation and investing activities		<u>235,790</u>	<u>2,481,490</u>
Taxation			
UK corporation tax paid		-	(117,675)
Net cash inflow before investing activities		<u>235,790</u>	<u>2,363,815</u>
Capital expenditure and financial investment			
Amounts loaned to group undertaking		-	(6,069,665)
Repayment of loan by group undertaking		1,133,620	-
Loan from group undertaking		552,702	-
Increase / (decrease) in cash and cash equivalents	13	<u><u>1,922,112</u></u>	<u><u>(3,705,850)</u></u>

Nido Spitalfields Limited

Notes to the accounts Year ended 31 December 2013

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Strategic report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to individuals which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover is derived from the United Kingdom and stated net of VAT.

Interest income

Interest income is accounted for on an accruals basis.

Investments in loans

Loans receivable are stated at their unpaid principal balance less any provision for impairment deemed necessary by the directors.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Operating lease

The Company has operating lease agreement with its parent company in relation to land and buildings for an amount which is dependent on the performance of the business. The amount is calculated in accordance with the agreement.

Nido Spitalfields Limited

Notes to the accounts Year ended 31 December 2013

2. Administrative expenses

	2013 £	2012 £
External charges	4,127,153	5,668,647
Operating lease rentals	10,136,509	9,509,977
Fees payable to the Company's auditors for the audit of the Company's annual accounts	35,020	34,000
Fees payable to the Company's auditors for taxation services	6,200	4,000
	<u>14,304,882</u>	<u>15,216,624</u>

3. Information regarding directors and employees

Directors' remuneration

During the year £9,652 (2012: £nil) was paid to the directors of the Company in respect of directors fees. No other emoluments were paid (2012: £nil).

There are no direct employees of Nido Spitalfields Limited (2012: none).

4. Tax on profit on ordinary activities

a) Analysis of tax charge on ordinary activities

	2013 £	2012 £
Current tax		
United Kingdom corporation tax at 23.25% (2012: 24.5%) based on the profit for the year	165,220	159,058
Adjustment in respect of prior years	3,334	1,829
Total current tax (note 4b)	<u>168,554</u>	<u>160,887</u>
Deferred tax		
Timing differences, origination and reversal	2,690	(8,327)
Impact of rate exchange on opening deferred tax asset	2,959	1,520
Adjustment in respect of prior years	3,114	(856)
Total deferred tax charge / (credit)	<u>8,763</u>	<u>(7,663)</u>
Tax charge on profit on ordinary activities	<u>177,317</u>	<u>153,224</u>

The corporate tax expense for the year is based on the blended UK statutory rate of corporation tax for the year of 23.25% (2012: 24.5%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 24% to 23% from 1 April 2013, which was enacted on 2 July 2013.

Nido Spitalfields Limited

Notes to the accounts

Year ended 31 December 2013

4. Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the year

The tax charge assessed for the year is higher than (2012: higher) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%).

The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before taxation	634,444	613,015
Tax at 23.25% (2012: 24.5%)	147,487	150,189
Expenses not deductible for tax purposes	20,859	-
Depreciation in excess of capital allowances	(3,126)	8,869
Adjustment in respect of prior year tax provisions	3,334	1,829
Current tax charge for the year	168,554	160,887

5. Deferred tax

	2013 £	2012 £
Movement on deferred taxation balance in the year		
Asset at 1 January	25,802	18,139
(Charge) /credit to the profit and loss account	(2,690)	8,327
Impact of rate change on opening deferred tax asset	(2,959)	(1,520)
Prior year adjustment	(3,114)	856
Asset at 31 December	17,039	25,802
Analysis of deferred tax balances		
Capital allowances	17,039	25,802
Total deferred tax asset	17,039	25,802

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced in the March 2013 Budget Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes have been substantially enacted on 2 July 2013. As this change in rate was substantively enacted prior to the balance sheet date it has been reflected in the deferred tax liability/ asset at 31 December 2013 in accordance with UK GAAP.

Nido Spitalfields Limited

Notes to the accounts Year ended 31 December 2013

6. Debtors

	2013 £	2012 £
Trade debtors	228,626	134,593
Deferred tax asset	17,039	25,802
Amounts owed from group undertaking	5,142,365	7,716,138
Prepayments and accrued income	293,192	362,761
	<u>5,681,222</u>	<u>8,239,294</u>

Included in the amount owed from group undertakings is £4,936,045 (2012: £6,069,665) which is repayable on demand and on which interest is charged at 4% pa. The remaining amounts owed from group undertaking are payable on demand and interest free.

7. Creditors

	2013 £	2012 £
Trade creditors	1,091,656	1,948,453
Other creditors	75,143	42,397
Corporation tax	367,846	199,292
Amounts owed to group undertaking	2,288,447	2,671,984
Accruals and deferred income	4,201,768	4,255,821
	<u>8,024,860</u>	<u>9,117,947</u>

Included in the amount owed to group undertakings is £552,702 (2012: £nil) which is repayable on demand and on which interest is charged at 5% pa. The remaining amounts owed to group undertaking are payable on demand and interest free

8. Operating lease commitments

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business. Please refer to note 2 for current year lease rentals.

9. Called up share capital

At 31 December 2013

	Number	£
Authorised:		
Ordinary share of £1	<u>1</u>	<u>1</u>
Called up, allotted and fully paid:		
Ordinary share of £1	<u>1</u>	<u>1</u>

Nido Spitalfields Limited

Notes to the accounts Year ended 31 December 2013

10. Capital and reserves

	Share capital £	Profit and loss account £	Total £
As at 1 January 2013	1	884,141	884,142
Profit for the year		457,127	457,127
As at 31 December 2013	1	1,341,268	1,341,269

11. Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Profit for the year	457,127	459,791
Net increase in shareholder's funds	457,127	459,791
Opening shareholder's funds	884,142	424,351
Closing shareholder's funds	1,341,269	884,142

12. Net cash inflow from operating activities

	2013 £	2012 £
Operating profit	423,575	470,004
Decrease / (increase) in debtors	1,424,452	(1,300,171)
(Decrease) / increase in creditors	(1,814,343)	3,160,983
Net cash inflow from operating activities	33,684	2,330,816

13. Analysis of net funds

	At 1 January 2013 £	Cash flows £	At 31 December 2013 £
Cash at bank and in hand	1,762,795	1,922,112	3,684,907
Net cash inflow from operating activities	1,762,795	1,922,112	3,684,907

14. Related party transactions

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

Nido Spitalfields Limited

Notes to the accounts

Year ended 31 December 2013

A total of £1,467,940 (2012: £1,224,970) was invoiced to Nido Notting Spitalfields Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the year.

The total due to Nido Management UK Limited as at 31 December 2013 was £nil (2012: £305,507).

15. Subsequent events

No material events have occurred since 31 December 2013.

16. Ultimate controlling entity

The Company's immediate parent company is Middlesex JV Sarl, a Company incorporated in Luxembourg.

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg.

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 13-15 Avenue de la Liberte, L-1931 Luxembourg.

17. Off balance sheet arrangements

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m from The Prudential Assurance Company Limited ("Senior Lender"); Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl, including Nido Spitalfields Limited.

In addition, Nido London Properties Sarl borrowed £77.84m from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender") in May 2012. This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including Nido Spitalfields Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

Company Registration No: 06059074

NIDO SPITALFIELDS LIMITED

Report and Financial Statements

Year ended 31 December 2012



NIDO SPITALFIELDS LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2012

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NIDO SPITALFIELDS LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2012 OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Michael Pegler (Resigned 31 May 2012)
Guy Rudd (Resigned 31 May 2012)
Gordon McKie (Resigned 31 May 2012)
Peter Brigham (Appointed 31 May 2012)
Sebastian von Ribbentrop (Appointed 31 May 2012)
Peter Hills (Appointed 31 May 2012)
Jade Moore (Appointed 12 July 2013)
Neil Burton (Appointed 12 July 2013)

SECRETARY

Tracy Everson-Davis (Resigned 31 May 2012)

REGISTERED OFFICE

59 Markham Street
London
SW3 3NR

BANKERS

Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

NIDO SPITALFIELDS LIMITED

DIRECTORS' REPORT

The Directors present their report and audited financial statements of the Company for the year ended 31 December 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the operation of a student accommodation business based in the Spitalfields area of London. The business opened in June 2010 and the Directors anticipate that the business will continue to trade profitably in the coming year.

In May 2012, the group of which Nido Spitalfields Limited is part, was acquired by Nido London Sarl a company incorporated in Luxembourg (see note 17).

Bookings have continued to increase throughout 2012 with an average occupancy rate of 85% (2011: 76%) for the year. Occupancy is the main key performance indicator of the business and is continuously measured and reported on throughout the year. Bookings for 2013 look strong and should continue to grow.

The Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

RESULTS AND DIVIDENDS

The results of the Company for the year are shown on page 7. The profit on ordinary activities after taxation for the year is £459,791 (2011: £333,206). The Directors do not recommend the payment of a dividend (2011: £nil).

PRINCIPAL RISK AND UNCERTAINTIES

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The Company closely monitors these risks and ensures that controls and procedures are in place to minimise their impact.

Future profitability is dependent on market conditions within the rental market and the number of students wishing to study in London. Evidence suggests that the number of students studying in London from overseas is increasing each year.

The Nido business model has been revisited for FY 2013/14 and the business re-focussed on the quality and stability of the student housing income. In particular, the business model has been re-aligned to reduce the level of flexibility that has historically been given to 'group' tenancies and increase the flexibility provided to students that make direct bookings with Nido.

There is also a risk of student debtors affecting the Company's cash flow and its ability to make supplier payments. However, student debtors have been tightly controlled and as yet there have been no problems with bad debts. Additionally, this risk is mitigated by upfront payments from students and if the student fails to pay upfront the rooms can be re-sold.

Finally, there is a loan in place between Middlesex JV Sarl I (the parent company of Nido Spitalfields Limited) and The Prudential Assurance Company Limited. Nido Spitalfields Limited is an obligor under the loan and therefore it is affected by a "cross-default" if the parent is unable to repay the loan when it falls due. There is also a loan in place between Nido London Properties Sarl and Sculptor Finance (MD) Ireland Ltd which benefits from similar security across the group. The terms of these loans were renegotiated in June 2013 as part of a recapitalisation of the Nido London Sarl group. Following this the risk is considered by the Directors to be low as the operational strength of the Group should allow all the obligations under the facility agreement to be fully met.

NIDO SPITALFIELDS LIMITED

DIRECTORS' REPORT

INDEMNITIES AND INSURANCE

The group maintains liability insurance for its directors and officers. The directors have also been granted a qualifying third party indemnity provision under sections 232 to 234 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

DIRECTORS

The Directors of the Company who served during the year, except as noted, are listed on page 1.

Each person who is a Director at the date of the approval of this report confirms that

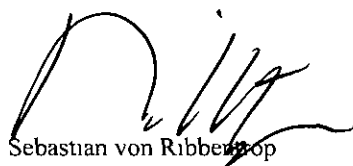
- (1) so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITOR

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors
And signed on behalf of the Board



Sebastian von Ribbenrop
Director

27 September 2013

NIDO SPITALFIELDS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NIDO SPITALFIELDS LIMITED

We have audited the financial statements of Nido Spitalfields Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

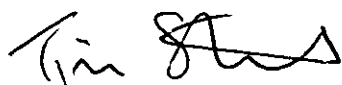
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NIDO SPITALFIELDS LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report, or
- we have not received all the information and explanations we require for our audit



Timothy Steel (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 | 9 | 2013

NIDO SPITALFIELDS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	1	15,686,628	13,062,903
Administrative expenses	2	<u>(15,216,624)</u>	<u>(12,672,618)</u>
Operating profit		470,004	390,285
Interest receivable and similar income		143,011	57,306
Interest payable and similar charges		<u>-</u>	<u>(62)</u>
Profit on ordinary activities before taxation	3	613,015	447,529
Tax on profit on ordinary activities	4	<u>(153,224)</u>	<u>(114,323)</u>
Profit for year		<u>459,791</u>	<u>333,206</u>

All activities derive from continuing operations

There are no other recognised gains or losses in either year other than those in the profit and loss account
Accordingly a statement of total recognised gains and losses is not presented

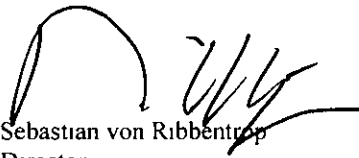
The notes on pages 9 to 15 form an integral part of the financial statements

NIDO SPITALFIELDS LIMITED

BALANCE SHEET AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
INVESTMENTS			
Investments in loans	7	-	-
CURRENT ASSETS			
Debtors	6	8,239,294	869,458
Cash at bank and in hand	14	1,762,795	5,468,645
Total current assets		<u>10,002,089</u>	<u>6,338,103</u>
CREDITORS amounts falling due within one year	8	<u>(9,117,947)</u>	<u>(5,913,752)</u>
NET CURRENT ASSETS		<u>884,142</u>	<u>424,351</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>884,142</u>	<u>424,351</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	884,141	424,350
SHAREHOLDER'S FUNDS		<u>884,142</u>	<u>424,351</u>

The financial statements of Nido Spitalfields Limited, registered number 06059074, were approved and authorised for issue by the Board of Directors on 27 September 2013 and signed on its behalf by


Sebastian von Ribbentrop
Director

27 September 2013

NIDO SPITALFIELDS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	13	2,330,816	2,107,962
Returns on investment and servicing of finance			
Interest received		150,674	57,306
Interest paid		-	(62)
Net cash (outflow) / inflow before taxation and investing activities		2,481,490	2,165,206
Taxation			
UK corporation tax paid		(117,675)	(11,510)
Net cash inflow before investing activities		2,363,815	2,153,696
Capital expenditure and financial investment			
(Investment) / repayment of loans		(6,069,665)	1,000,000
Interest received from loans		-	10,333
(Decrease) / Increase in cash and cash equivalents	14	(3,705,850)	3,164,029

NIDO SPITALFIELDS LIMITED

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. A summary of principal accounting policies, all of which have been applied consistently during the current and preceding year, are set out below.

Basis of preparation

The financial information set out in this report has been prepared under the historical cost convention and on a going concern basis.

Going concern

The financial position of the company, its liquidity position and borrowing facilities are reflected in the financial statements. Together with other factors set out in the Director's report on pages 2 and 3, the Directors have concluded that the business has sufficient resources to continue to trade for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

Turnover

Turnover represents the rent charged to students which is treated on an accruals basis. Turnover also includes additional income received for ancillary services provided by the business. All turnover derives from the United Kingdom.

Interest income

Interest income is accounted for on an accruals basis.

Investments in loans

Loans receivable are stated at their unpaid principal balance less any provision for impairment deemed necessary by the Directors.

Taxation

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

Deferred tax

Deferred tax is provided in full on an undiscounted basis, on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and legislation enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

NIDO SPITALFIELDS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

2 ADMINISTRATIVE EXPENSES

	2012	2011
	£	£
External charges	5,668,647	4,396,878
Operating lease rentals	9,509,977	8,237,742
Fees payable to the Company's auditors for the audit of the Company's annual accounts	34,000	34,000
Fees payable to the Company's auditors for taxation services	4,000	4,000
	<u>15,216,624</u>	<u>12,672,618</u>

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' Remuneration

During the year the Directors of the Company received no remuneration for their services to the Company (2011 £nil)

There are no direct employees of Nido Spitalfields Limited (2011 none)

4. TAX ON PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) Analysis of tax charge on ordinary activities

	2012	2011
	£	£
Current tax		
United Kingdom corporation tax at 24.5% (2011 26.5%) based on profit for the year	159,058	125,944
Adjustment in respect of prior years	1,829	(3,378)
Total current tax (note 4b)	<u>160,887</u>	<u>122,566</u>
Deferred tax		
Timing differences, origination and reversal	(8,327)	(6,036)
Impact of rate change on opening deferred tax asset	1,520	-
Adjustment in respect of prior years	(856)	(2,207)
Total deferred tax	<u>(7,663)</u>	<u>(8,243)</u>
Total tax charge for the year	<u>153,224</u>	<u>114,323</u>

The corporate tax expense for the year is based on the blended UK statutory rate of corporation tax for the year of 24.5% (2011 26.5%). The impact of changes in the statutory tax rates relates principally to the reduction of the UK corporation tax rate from 26% to 24% from 1 April 2012, which was enacted on 26 March 2012.

(b) Factors affecting tax charge for the year

The tax charge assessed for the year is higher than (2011 higher) the standard rate of corporation tax in the UK of 24.5% (2011 26.5%).

The differences are explained below

NIDO SPITALFIELDS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
Profit on ordinary activities before taxation	613,015	447,529
Tax at 24.5% (2010 26.5%)	150,189	118,596
Expenses not deductible for tax purposes	-	12,155
Depreciation in excess of capital allowances	8,869	(4,807)
Adjustment in respect of prior year tax provisions	1,829	(3,378)
Current tax charge for the year	<u>160,887</u>	<u>122,566</u>

5. DEFERRED TAX

	2012 £	2011 £
Movement on deferred taxation balance in the year		
Asset at 1 January	18,139	9,896
Credited to the profit and loss account	8,327	8,243
Impact of rate change on opening deferred tax asset	(1,520)	-
Prior year adjustment	856	-
Asset at 31 December	<u>25,802</u>	<u>18,139</u>
Analysis of deferred tax balances		
Capital allowances	25,802	18,139
Total deferred tax asset	<u>25,802</u>	<u>18,139</u>

In addition to the changes in rates of corporation tax disclosed within the note, further changes to the UK corporation tax rate were announced to reduce from 24% to 23% from 1 April 2013, which was enacted on 17 July 2012. Further reductions to the main rate were announced in the 2012 Autumn Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes had not been substantially enacted at the balance sheet date and therefore in accordance with UK GAAP, are not included in these financial statements. The deferred tax balances have been calculated based on tax rates substantively enacted at the balance sheet date.

6. DEBTORS

	2012 £	2011 £
Trade debtors	134,593	141,909
Deferred tax	25,802	18,139
Amounts owed by parent	-	2,214
Amounts owed by group undertaking	7,716,138	552,897
Prepayments and accrued income	362,761	154,299
	<u>8,239,294</u>	<u>869,458</u>

Included in the amount owed from group undertakings is £6,069,665 (2011 £nil) which is repayable on demand and on which interest is charged at 4% pa.

NIDO SPITALFIELDS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

7. INVESTMENT IN LOANS

A £4 million loan facility agreement between Nido Spitalfields Limited and Middlesex Sarl was entered into with an effective date of 30 September 2010 and a term of 4 years (see also note 14) Interest of 4% is chargeable on any outstanding balance During the previous year the entire balance was repaid by Middlesex Sarl

	2012 £	2011 £
Opening balance	-	1,010,333
Movement in the year	-	(1,010,333)
Closing balance	-	-

8. CREDITORS

	2012 £	2011 £
Trade creditors	1,948,453	1,467,014
Other creditors	42,397	49,297
Corporation tax	199,292	156,080
Amounts owed to group undertaking	2,671,984	10,122
Accruals and deferred income	4,255,821	4,231,239
	<u>9,117,947</u>	<u>5,913,752</u>

Amounts owed to group undertaking are payable on demand, subordinated and interest free

9 OPERATING LEASE COMMITMENTS

The Company has operating lease commitments in relation to land and buildings for an amount which is dependent on the performance of the business Please refer to note 2 for current year lease rentals

10. CALLED UP SHARE CAPITAL

At 31 December 2012

	Number	£
Authorised:		
Ordinary share of £1	<u>1</u>	<u>1</u>
Called up, allotted and fully paid.		
Ordinary share of £1	<u>1</u>	<u>1</u>

NIDO SPITALFIELDS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

11 CAPITAL AND RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 2012	1	424,350	424,351
Profit for the year	-	459,791	459,791
At 31 December 2012	<u>1</u>	<u>884,141</u>	<u>884,142</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2012 £	2011 £
Profit for the year	459,791	333,206
Net increase in shareholder's funds	<u>459,791</u>	<u>333,206</u>
Opening shareholder's funds	424,351	91,145
Closing shareholder's funds	<u>884,142</u>	<u>424,351</u>

13 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	470,004	390,285
Increase in debtors	(1,300,171)	(714,325)
Increase in creditors	3,160,983	2,432,002
Net cash outflow from operating activities	<u>(2,330,816)</u>	<u>2,107,962</u>

14. ANALYSIS OF NET FUNDS

	At 1 January 2012 £	Cash flows £	At 31 December 2012 £
Cash at bank and in hand	5,468,645	(3,705,850)	1,762,795
	<u>5,468,645</u>	<u>(3,705,850)</u>	<u>1,762,795</u>

15 RELATED PARTY TRANSACTIONS

As per Financial Reporting Standard 8 "Related party disclosures" paragraph 3(c), the Company is exempt from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group

A total of £303,848 (2011 £725,852) was invoiced to Nido Spitalfields Limited by Blackstone Property Management Limited in relation to property management services received during the year. In addition, a further £120,303 was invoiced in respect of salary and management expenses during the year (2011 £575,490)

The total due to Blackstone Property Management Limited as at 31 December 2012 was £nil (2011 £203,502)

NIDO SPITALFIELDS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

A total of £1,224,970 (2011 £nil) was invoiced to Nido Spitalfields Limited by Nido Management UK Limited in relation to property management services and salary and management recharges received during the year

The total due to Nido Management UK Limited as at 31 December 2012 was £305,507 (2011 £nil)

16. SUBSEQUENT EVENTS

In June 2013 the Nido London Sarl group, of which the company is a part, was recapitalised with £60.75m of additional funds. These funds were used to reduce the group's Mezzanine debt, build reserve accounts for future debt service and increase working capital. As part of the recapitalisation the agreements with the Lenders were renegotiated (see note 18).

17. ULTIMATE CONTROLLING ENTITY

The Company's immediate parent Company is Middlesex JV Sarl, a Company incorporated in Luxembourg.

The Company's ultimate controlling entity is Nido London Sarl, a company incorporated in Luxembourg.

The acquisition of the Company referred to in the Directors' Report on pages 2 and 3, by Nido London Sarl took place on 31 May 2012. Prior to that Middlesex Holdings JV LP, a limited partnership registered under the laws of the Cayman Islands was the ultimate controlling entity.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nido London Sarl incorporated in Luxembourg.

Copies of the financial statements of Nido London Sarl Group are available from its registered office at 13-15 Avenue de la Liberte, L-1931 Luxembourg.

18. OFF BALANCE SHEET ARRANGEMENTS

The following subsidiaries of Nido London Sarl (together "Senior Borrowers") have borrowed £266m from The Prudential Assurance Company Limited ("Senior Lender"), Nido Notting Hill Sarl, Kings Cross Residential Sarl, Kings Cross Student Housing Sarl, Middlesex Sarl, Middlesex Residential Sarl, Middlesex Student Housing Sarl & Middlesex Retail Sarl. This debt is secured through share pledges and fixed and floating charges over the assets of the subsidiaries of Nido London Properties Sarl, including Nido Spitalfields Limited.

In addition, Nido London Properties Sarl borrowed £77.84m from Sculptor Finance (MD) Ireland Ltd, Sculptor Finance (ME) Ireland Ltd, Sculptor Finance (SI) Ireland Ltd, and Sculptor Finance (CO) Ireland Ltd (together "The Mezzanine Lender") in May 2012. This debt is secured on the assets of Nido London Properties Sarl and its subsidiaries including Nido Spitalfields Limited. These facilities were re-negotiated as part of the recapitalisation in June 2013 however there was no change to the security.

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