

19th April 2017

Dear Investor,

Host Capital UK Student Accommodation Fund (the Fund) / Feeder Trust – Update

It is now just over 5 months since we suspended dealing in the Fund / Feeder Trust (the dealing in the Fund and the Feeder Trust was suspended with effect from the close of business on the 27th October 2016) and I thought it helpful to provide a further update on progress achieved since our last update in February 2017:

- We have secured serious interest from an institutional party for both the remaining property assets within the Fund. They have an excellent understanding of the student accommodation sector and a good track record in this area. We have agreed the sale price for the property assets which we believe is both fair and properly reflects the market conditions.
- The purchaser and ourselves have now instructed legal and technical counsel. During this period, we expect the purchaser to complete the raft of financial, building technical and legal due diligence such that by early next month we they will be in a position to exchange contracts.
- If we exchange contracts early in May 2017 then there should be no reason why we cannot aim to complete the sale of both assets in early June 2017. If we do then we shall waste little time returning the majority of investors capital at this time. The balance capital will be returned once all remaining Fund liabilities have been settled as part of the termination of the Fund.
- Other than a suspension to Fund dealing, the Fund continues to function as normal with rental income being received, preparation for securing new tenants for student year 2017/2018 proceeding extremely well and daily pricing continuing.
- Whilst the above is clearly encouraging news, kindly note that until contracts are exchanged, real estate deals can and sometimes do fall through. Whilst Host Capital has no reason to expect these sales to fall through, we are only one of two parties in this transaction. Also, when the property sales are complete, Fund shareholders will see a dip in Fund share prices around that time which will simply reflect the processing of the transaction and all the associated costs such as agency, technical, legal secretarial etc. This is entirely normal.
- We continue liaising with the depositary and the FCA on the progress of the property assets' sale.
- It remains our priority to protect shareholder value and return shareholder capital as soon as practicably possible.

Once again can I take this opportunity to thank you most sincerely for all your patience and understanding. Further updates will be sent as developments occur.

Yours sincerely

A handwritten signature in black ink, appearing to read "Christopher Finch". The signature is written in a cursive style with a large, stylized initial 'C' and a long, sweeping tail that ends in a small hook.

Christopher Finch
Managing Director