

5th December 2016

Dear Investor,

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

As it is now 1 month since we suspended dealing in the Fund / Feeder Trust, I thought it helpful to provide an update on progress achieved so far:

- Full sales particulars on the Fund's two property assets have been prepared. This information contains details of the assets, rents achieved, maintenance costs and any other specific information helpful to any buyer.
- So far Host Capital has approached 14 counterparties known to be interested in acquiring yielding student property assets. Of this number 4 potential buyers have shown interest and as at the time of writing 2 potential buyers have requested detailed information/instructed agents to visit the properties and conduct their own due diligence.
- Lawyers have already been instructed to begin completion of the lengthy pre-contract enquiries forms for the two property assets (which any purchaser's legal adviser will require). This will speed up the legal contract phase once we get to accepting an offer.
- Following announcement of the Fund suspension, Host Capital gave instructions to de-risk the fund investment exposure and liquidate the Fund's holdings of all quoted property stock. Whilst this has reduced Fund income slightly it has also reduced volatility. The resultant cash is now held on deposit and will be added to the sale value of the property assets.
- 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 beginning, and daily pricing continuing.
- 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.

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 horizontal line extending to the right.

Christopher Finch
Managing Director