

NFS NOMINEES LTD A/C OFB
One London Wall
London
United Kingdom EC2Y 5AB

24th August 2015

Dear Sirs

IMPORTANT INFORMATION re: Your Investment in the Host Capital UK Student Accommodation Fund (herein "PAIF") and/or Host Capital UK Student Accommodation Feeder Trust (herein "Feeder Fund")

This letter is applicable to:

- **DIRECT INVESTORS**
- **ADVISED INVESTORS**
- **NOMINEES & PLATFORMS – Please ensure you forward this letter to your underlying investors**

Following our letter of 1st April 2015 and responding to strong feedback from PAIF & Feeder Fund investors we are pleased to confirm the following changes to the PAIF and Feeder Fund Prospectuses took effect on the 1st June 2015:

1. Focus on delivering a higher than average Income:

PAIF investors have consistently fed back to Host Capital that they would prefer the PAIF to focus on the delivery of a higher than average income stream which can either be taken in the form of quarterly distributions or accumulated for those shareholders not requiring income. Accordingly, going forward the PAIF will target delivery of a circa 5% per annum income with the opportunity for some capital and income growth as rents and markets rise.

To help facilitate the above, and with effect from 1st June 2015, the PAIF and Feeder Fund all fund related charges are being deducted from fund capital. Property management costs will continue to be deducted from fund income as detailed in the Fund Prospectus. In current stable and/or positive markets, Host Capital believes that moving charges to fund capital may be to a certain degree offset by future rises in PAIF property values and/or capital growth achieved on proactive management of the liquid portion of the Fund assets. However, in negative or volatile markets moving costs to capital could result in an erosion of fund capital.

2. Procurement of PAIF Property Assets:

Investors will already be aware that whilst the PAIF has to date acquired new student accommodation from Mansion Capital Partners Limited (acting as the preferred property procurer), the PAIF has the ability to acquire Student Accommodation property from the whole of market. Accordingly and purely to emphasise to Investors the PAIF's market independence, Host Capital has removed Mansion Capital Partners Limited as the preferred property procurer to the PAIF. The PAIF, however, still may use Mansion Capital Partners Limited time to time for property procurement.

3. Enhanced liquidity management:

Previously the PAIF invested its liquid portion of the PAIF in money market funds which have a high emphasis on capital preservation, but in current low interest rate markets generate very little by way of income return for the PAIF. Going forward and commensurate with the PAIF's income focus, the

PAIF will utilise its existing investment powers and seek to increase its liquid proportion through predominantly investing in UK property stocks which are high quality, income generating and offer excellent liquidity. Whilst this strategy will increase the volatility of the liquid portion of the PAIF, forecast volatility of the fund is expected to remain well below that of equity markets. This new strategy will enhance the income generation as well as improve the overall liquidity of the PAIF.

In June 2015, Host Capital appointed Charteris Treasury Management to manage the liquid portion of the PAIF once the new strategy has been implemented. Charteris is a specialist manager based in the City of London with a track record in property stock selection and management. Charteris management fees will be met from the ACD's annual management charge which will remain unchanged at 1.5% (and 1.75% for ISA share class).

4. Initial Charge for new Investments:

Given the likely demand for a higher income generating funds and to reflect the enhanced cost of marketing of the funds to a broader audience than before the ACD introduced of up to 1% initial charge on new investments into to the Class A Accumulation, Class A Income and ISA share class of the PAIF and on the Class A Net Accumulation Feeder Trust. Enhanced marketing of the funds is expected to attract new investment and so grow funds' assets which, in turn, will increase investment diversification and reduce funds' costs.

5. Change in Accounting and Distribution Dates:

To improve accounting and fund audit procedures and bring the PAIF into line with the end of the UK student academic year, and with agreement of the PAIF & Feeder Fund Auditors, Grant Thornton LLP, with effect from 31st August 2015 / 1st July 2015 Host Capital will move the PAIF and Feeder Fund accounting year-end date to 31st August and 1st September respectively and interim accounting dates to the last day of February and 1st March respectively. This change will result in the PAIF and Feeder Fund distribution period ending on the 31st August / 1st September for annual distribution and on the 30th November / 1st October, last day of February / 1st March, 31st May / 1st June for interim distributions.

For detail of these changes and impact on the PAIF and Feeder Fund investors, please refer to the PAIF and Feeder Fund Prospectuses published on our website www.hostcapital.co.uk or call Host Capital on +44 (0) 207 290 9490 to request a copy.

Host Capital thank investors for their valued support and feedback on the fund and we look forward to delivering for the PAIF and the Feeder Fund an enhanced income with potential for capital growth over the longer term. If you have any questions on the above please contact your financial adviser or Host Capital on +44 (0) 207 290 9490.

Yours sincerely



Christopher Finch
Managing Director