

## BRANDEAUX UPDATE

Dear Brokers, Advisers and Supporters

### **BRANDEAUX STUDENT ACCOMMODATION FUND RE-OPENS**

The Brandeaux team has been very active over the past eleven weeks since the suspension of dealing, working on a plan to re-open the Brandeaux funds.

The Brandeaux Update of 19th January 2009 mentioned that, as part of the plan, we are proposing to offer a new share class, initially for Brandeaux Student Accommodation Fund, followed as quickly as practical by the dual asset funds, namely Brandeaux Sterling, Euro, and US Dollar fund. The ground rent funds will follow as quickly as practical thereafter.

I am pleased to say that we are now ready to re-open the Brandeaux Student Accommodation Fund. Thank you for your patience.

The launch date of the new share class is 12th March 2009. The fund will be accepting applications for shares from 6th March 2009.

The suspension of redemptions for the existing shares remains in place although existing shareholders will be offered the opportunity to convert their shareholdings into the new share class on the new terms. The existing share class and the new share class will have the same share price.

Brandeaux Student Accommodation Fund continues to perform well. It has demonstrated little correlation to traditional asset classes and the outlook remains positive for delivering consistent annualised returns of 8% to 10% over a rolling three to five year period.

- Room rental rates for 2009/2010 have now been agreed with all the universities at an overall increase of +6% year on year. This is well within the Fund's business model.
- The increasing student demand for quality accommodation combined with an existing shortage, underpins the Fund's expectation for continuing 100% occupancy, as the Fund has achieved over the past two years.
- Recent figures published by UCAS show an increase in applications for university places, up 7.8% for 2009/2010.
- Brandeaux's Liberty Living brand is well respected amongst universities and, with a nine-year track record of operational experience, is a major player in this asset class.

*Continued overleaf...*

*This Update is for information purposes only and is not intended as an offer or solicitation to invest in Brandeaux funds. It should not be relied upon for making investment decisions by persons qualified to invest in the funds. The rights attaching to the new share class, terms for subscription, and conversion for existing shareholders into the new share class are set out in the Private Placement Memorandum ('PPM'), Articles of Association, and Subscription Agreement for Brandeaux Student Accommodation Fund Limited.*

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- The portfolio assets are readily identifiable. The entire portfolio can be viewed on [www.libertyliving.co.uk](http://www.libertyliving.co.uk)
- The Fund has an easy to understand business model. It is transparent in how the returns are achieved.
- Brokers have indicated that there remains strong demand for investment in the Fund.

The directors have considered all of these positive points and have concluded that it is in the best interest of the Fund that the notice period for requests to redeem shares should correlate to the long-term nature of the assets.

The redemption terms of only seven business days notice was part of the structure designed nine years ago. This is no longer appropriate in today's environment.

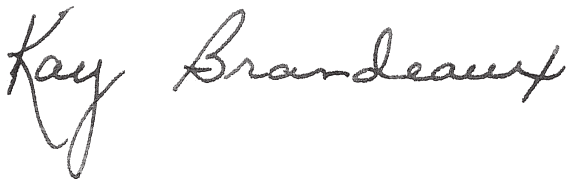
The directors have explored alternative options including selling assets, borrowing, lifting the suspension on existing shares, and in a worst-case scenario, a voluntary liquidation of the Fund. The alternative options were either non-viable, or were severely detrimental to shareholder value.

The directors have decided that the most appropriate course of action to protect shareholder value is to re-open the Fund with a new share class. The new share class has redemption terms designed to offer the flexibility to meet normal redemptions within a reasonable time, whilst giving protection against a 'run' on the Fund's liquidity.

The attached summary sets out a brief overview of the terms of the new share class.

Your feedback and encouragement has been hugely helpful as we formulated these plans. We are working in turbulent and unprecedented times. All businesses have to move with the times and adapt to changing conditions in order to continue to succeed. This is precisely what we are doing.

A Private Placement Memorandum is available from Brandeaux Administrators Limited. This gives details of the new share class, how to subscribe, or convert existing shareholdings. Please contact [info@brandeaux.ie](mailto:info@brandeaux.ie) for a copy.



Kay Brandeaux  
Chairman

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**BRANDEAUX STUDENT ACCOMMODATION FUND LIMITED**  
**(the "Fund")**  
**SUMMARY OF THE NEW SHARE CLASS**

The new share class (the "New Shares") are "A" participating redeemable preference shares in the capital of the Fund.

A Private Placement Memorandum ("PPM") is available from Brandeaux Administrators Limited containing details of the New Shares and how to subscribe for them and how to convert the existing participating redeemable shares (the "Existing Shares") in the capital of the Fund into New Shares.

The Existing Shares and the New Shares will have the same share price.

A summary of the rights attaching to the New Shares and certain other information is set out below.

#### **New Shares**

The directors are offering New Shares in order to (i) satisfy the continuing demand amongst investors to invest in the Fund, and (ii) enable the Fund to seek to expand its portfolio of student accommodation properties.

In addition, the directors believe that it is in the best interests of the Fund for the notice period for requests to redeem Shares to correlate to the long term nature of the investments made by the Fund. Accordingly:

- the New Shares will require a holder to give longer notice in relation to redemption; and
- Shareholders will be offered the opportunity to convert their holding of Existing Shares into New Shares.

The rights attaching to the New Shares and the terms on which the Fund intends to issue New Shares and offer Shareholders the opportunity to convert Existing Shares into New Shares are set out in the Articles of Association of the Fund, (the "Articles") and are summarised in the PPM.

Once the Existing Shareholders have elected to convert 75% or more of Existing Shares into New Shares, the Fund may compulsorily convert all of the remaining Existing Shares into New Shares on the terms set out in the PPM and the Articles.

#### **Subscriptions for New Shares**

New shares are being offered for subscription from 12th March 2009. The new shares will be issued on the 5th business day of each calendar month, or such other business day as determined by the directors.

The directors have absolute discretion to accept or refuse any subscription application for New Shares in whole or in part or postpone any Subscription Day at any time and in any circumstances.

An applicant may be required to agree bespoke redemption terms in respect of any singularly large subscription for New Shares, as a condition for accepting the subscription.

No subscription application from any US person or ineligible investor (as defined in the PPM) will be accepted.

#### **Redemptions of New Shares**

Redemptions in respect of New Shares will take place on the 5th business day of the first calendar month which falls six clear calendar months after the date on which the redemption request is received, or earlier at the discretion of the directors. The redemption price will be calculated by reference to the most recent determination of the net asset value of the Fund prior to the date of such redemption. Once a redemption request is submitted it cannot be withdrawn.

The directors in their absolute discretion have the right to advance or postpone a redemption at any time and in any circumstances and to accept or refuse any redemption request in whole or in part at any time and in any circumstances.

It is the directors' current intention not to exercise the power to postpone redemptions beyond the six-month notice period unless redemptions are at a level that endangers liquidity, or for regulatory reasons. Whilst the directors will always be mindful of the need to treat all shareholders fairly, postponement would not necessarily apply to all redemption requests, but may be restricted to those whose quantum the Fund needs more time to meet.

The directors have absolute discretion to suspend redemptions of New Shares for any period, including until further notice, at any time and in any circumstances but believe that the flexibility to postpone redemptions will give greater ability to control liquidity and therefore reduce the potential for a general suspension that large scale redemptions might otherwise necessitate.