

VICTUS EUROPEAN STUDENT ACCOMMODATION FUND IC LIMITED
(the "Company")

(Registered Number 56015)

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IMMEDIATE ANNOUNCEMENT

Fund Update – August 2017

This is the latest in a series of updates from the VESAF Board with the purpose of informing investors on the progress of the asset sale process to date, and to provide an update on other material matters arising.

UK Portfolio

Bookings for the three UK assets for the 2017/18 academic year are ahead compared to the same point last year, with two assets fully booked and the third at 95%. This is in line with expectations to achieve 97% occupancy for the start of the academic year across the portfolio. A new three-year lease agreement for the Harbour Court, Bristol asset has been negotiated with the University of Bristol for 90 rooms with remaining rooms being direct let for the first time in the market since the asset was developed and this has contributed to continued rental income growth.

This positions the assets favourably to achieve best value as the Fund continues to actively market all three UK assets via appointed agent Savills. Sales brochures for the properties are being updated to reflect the 2017/18 academic year and Savills continue to liaise with several interested parties who have expressed interest in acquiring all three assets as a combined portfolio. Savills expects the sale process to be concluded by the end of the calendar year.

European Portfolio

Bookings for the German assets for the 2017/18 Winter semester are currently at 39% with a 3.5% rental increase which is in line with performance at the same time last year when the assets went on to achieve full occupancy. Bookings for the 2017/18 Winter semester at the Bordeaux asset are currently at 92% and therefore on target to achieve full occupancy for the start of the semester. There is a head lease holding over the Chambery asset.

Savills are also the appointed sales agent for the four European assets which are being actively marketed as a combined portfolio. However, Savills are receiving particularly strong interest in the two German assets and the VESAF Board are considering the separate sale of these assets if it is believed this would deliver best value to shareholders. It is expected that the sale of the European assets will be concluded by the end of the calendar year.

Separately the VESAF Board has received an enquiry to acquire the entire VESAF portfolio by a single purchaser.

Fire Risk Assessment

As mentioned in the previous Fund update Crosslane Property Advisor (Guernsey) Limited ('CPAGL') on behalf of the Fund have been reviewing the safety of students in multi-tenanted high-rise buildings owned and previously owned by the Fund. CPAGL on behalf of the Fund has recommended and arranged full fire safety reviews by independent 3rd party experts on all the VESAF assets, with the results expected at the end of the third quarter. The outcome of these reviews, along with any recommendations included within the final reports, will be assessed by the Fund and appropriate action taken where necessary.

Audit Update

As outlined in previous investor updates, the Fund is unable to deal with redemptions for dealing day 3 May 2016 and 2 June 2016 until completion of the audit process for accounts for the year ended 31 August 2016 in line with the conditions imposed by the Guernsey Financial Services Commission ('GFSC'). The audit process is in the final stages and remains on target to be concluded during the third quarter.

Future Strategy

The VESAF Board has been undertaking a review and soliciting external legal and tax advice on the possibility of re-domiciling the Fund in a different jurisdiction and is in the final stages of preparing a proposal to re-domicile the Fund in Luxembourg as a Reserved Alternative Investment Fund (RAIF). This proposal would require shareholder consent, as well as consent of the GFSC. Assuming the proposal is approved, the Fund would appoint a third party Alternative Investment Fund Manager to administer the Fund for AIFMD purposes and the Fund would be re-opened for investment with a plan to acquire additional assets in mainland Europe.

The VESAF Board will continue to keep investors updated on all of the above matters and remains committed to providing investors with the best value proposition as soon as practicable. All enquiries should be forwarded to the Fund's Secretary at the Fund's registered office, which is located at the above address.

Yours faithfully

For and on behalf of the Board of Directors

Victus European Student Accommodation Fund IC Limited