

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

(Registered Number 56015)

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Fund Update – 14 December 2016

Dear Investor

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

The Board of the Victus European Student Accommodation Fund ('VESAF' or the 'Fund') have now reviewed all offers to acquire the UK portfolio as well as individual UK assets in detail. The offers received on the UK portfolio did not represent a level that the Board believed to be acceptable for a sale in the best interests of the investors at this time.

However, Individual offers were received on the Dundee asset. These standalone offers were reviewed and one was accepted which will allow the Board to stabilise the position of the Fund in order to trade through market conditions and will also add additional liquidity to the Fund.

The Board have commissioned a market report and an additional independent market valuation of the remaining UK portfolio in order to move forward, with the intention of taking the UK portfolio back to market in early 2017.

It is now expected that the entire portfolio will be sold by the end of Q2 2017.

The Board remain positive that multiple offers were received for all UK assets which corroborates the strength of these assets in the market. Having assets in key locations means that the Board expect high levels of interest once re-marketed.

The European sales process continues to progress. Additional due diligence has been exchanged with the sales agents (Savills), who are preparing marketing literature and translated marketing brochures to take these assets to market.

Mr Gunther Gommès has resigned from his position as Non-Executive Director of the VESAF Board for personal reasons. The remaining Board are continuing to interview potential replacements in order to maintain continuity with the Board composition.

It is intended that Mrs Kerry-Anne Marais will replace Mr Gommès on the Boards of the European SPVs and in addition will take on the additional responsibilities and roles that previous Directors on the VESAF Board held. Any additional fees for these services will be within the prescribed limits on Directors fees in the Fund documents.

The Fund has continued to explore refinancing options, with the refinancing of debt on the Harbour Court asset in Bristol which has completed this week. This refinancing exercise will not only secure improved financing terms but also provide additional liquidity as previously reported.

The Board will continue to provide regular updates to the extent that it is able to do so and is committed in its endeavours to paying creditors all amounts due and returning capital to investors at the earliest opportunity.

All enquiries should be forwarded to the Company's secretary at the Company'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