

*To: Shareholders in: Mansion Student Accommodation Fund (GBP) (the "Fund"), Mansion Student Accommodation Sterling Fund, Mansion Student Accommodation Euro Fund, Mansion Student Accommodation US Dollar Fund, Mansion Student Accommodation Singapore Dollar Fund, Mansion Student Accommodation Fund Swiss Franc Fund (collectively the "Feeder Funds") being protected cells of The International Mutual Fund PCC Limited*

8th August, 2014

Dear Shareholders,

### **Frequently Asked Questions**

Following previous correspondence and general enquiries currently being asked by Shareholders and Financial Advisers, we have released the below responses to further Frequently Asked Questions, which we trust will provide you with some further clarification and an update on the current status of the suspension of the Fund.

We would like to assure all Shareholders and Financial Advisers that we continue to work hard to implement the strategy we set out last year in order to put us in a position to be able to re-open the Fund for dealing.

***Please provide more information about the negative performance of the Fund since the suspension:***

Initial drops in the net asset value of the Fund were due to the arranging of the refinancing project and associated costs, as we have previously explained. More recently, performance was affected by the sale of an underperforming student building in London and associated costs.

The operational 'cost per bed' has risen considerably over recent months and several advisers have asked for more details regarding this. Such costs are designed to cover an increase in energy costs and on-going maintenance charges as well as providing improved services, on-site security and enhanced student amenities.

Student accommodation, of the standard owned by the Fund, is typically a small number of en suite rooms surrounding a kitchen and lounge area. Each 'floor' might consist of 6 of these high standard rooms, accommodating half a dozen or so students. A floor would have high standard, shared kitchen facilities, satellite television, whilst each room would have access to high speed broadband and be specified to a very high standard. Floors would be serviced by cleaning personnel and attended by shared security services. Gardens and surroundings, as well as maintenance to the blocks themselves, would be tended to a high standard and 'sink' Funds would cater for unexpected costs as well as regular servicing of the buildings (such as re-painting, cleaning of windows etc, redecorating etc).

Such costs have increased as the Fund continues to remain competitive in the market place. Without such expenditure on developments the properties would not remain as competitive and attractive as they currently are, either to Shareholders in the Fund, or students as the end users of the assets.

Recent statutory legislation has also added to the costs for running and maintaining student accommodation. We therefore consider these increases in operational costs as being in the interests of Shareholders for the longer term investment in the Fund.

***What are the expectations for performance once the Fund resumes Dealing?***

Our aim, as we have previously stated, is to resume dealing, re-open the Fund, accept new subscriptions and put the Fund back into a position whereby it can once again make acquisitions in order to grow and profit.

The Fund is designed to be an 'acquisition vehicle', that is to say that one of its objectives is to purchase assets sourced by Mansion Capital Partners Limited. These acquisitions have a derived discount, meaning that each acquisition results in the Fund benefitting from an uplift in asset value.

Another contribution to Fund performance will be the continuing receipt of positive rental returns after all debt and operating costs. These returns should be further enhanced by annual rental growth across the property portfolio; especially in locations where increasing student demand for purpose built quality accommodation is not matched by the existing supply.

If the Fund can attract new subscriptions and begin once again to acquire new properties then it can take advantage of the acquisition uplift. However, if redemptions continue then that aspect of the potential growth of the Fund would be missing, and this would detract from future performance.

Ongoing higher operational costs would also weigh on performance, although the hope is that income from rents could alleviate this. The Fund would always look to make its costs as efficient as possible.

***What is the latest news on sales of Assets?***

The recent successful conclusion of the sale of the 106 student bed asset in Birmingham represents the second asset we have sold since the re-financing was complete. The Fund was pleased with the sale value of this asset, it being close to the estimated value delivered by the panel valuers.

***Please provide more details about the re-financing, particularly regarding how the liquidity levels affect the obligations to the lenders?***

The refinancing the Fund secured last February was, in essence, the consolidation of several loans into one single loan. Whilst there was an element of released cash within the refinancing package and this helped to provide some liquidity to the Fund, the level of released cash was in itself insufficient to enable the Fund to re-open.

The Fund Manager is constrained over what information can be supplied to investors and IFAs which is not already available to all shareholders and in the public domain.

We can state that no financial covenants are in breach with any of the lenders to the Fund (for the properties owned) or in any other respect. The Liquidity strategy of MSAF includes maintaining cash balances of around 10% of NAV and this was easily the case as at 30th May 2014.

We cannot state the exact amount spent on the re-financing as the Fund is governed by a strict confidentiality agreement with the lender on revealing any aspect or information concerning the re-financing. These costs have however been fully absorbed.

***What is the current liquidity of the Fund, how much cash does the Fund have? What is the current level of submitted redemptions?***

Exact liquidity levels and levels of redemption requests posted cannot be released, as it is commercially sensitive information which could affect the treatment of the Fund by third parties, such as parties interested in purchasing assets or making secondary market offers for Shares in the Fund. However, we confirm that the substantial majority of Shareholders wish to remain invested in the Fund.

***When will the Fund resume Dealing?***

We aim to re-open the Fund towards the end of 2014, sales and liquidity permitting. We have been advised that sale prices for the next assets in line to be sold should be best from mid-September onwards, when occupancy levels by students for the new academic year are known. We will aim to make further sales at that time.

When we re-open the Fund it must be such that the level of liquidity is robust enough to be able to meet redemption requests over the long term (notwithstanding that the Gate will allow them to be restricted each month). The Fund has to rebuild its liquidity base to a level to be able to fulfil the liquidity strategy whilst at the same time being able to cater for the level of outstanding redemptions, taking into account the timescale required to be able to sell assets for good value. This requires the build-up of a significant cash balance, but we hope to have this in place around the end of 2014.

***Why does the Fund not appear to be correlated to the performance of residential property in the UK?***

UK residential property behaves differently from a student accommodation Fund, which is valued as an ongoing business concern. Occupancy levels (which vary at different times of the year) can also affect monthly property valuations undertaken by independent panel valuers DTZ and Knight Frank. A boom in the UK housing market does not necessarily mean increased values on student accommodation blocks.

***Where is the rental income from the assets going, and why is this not assisting the performance of the Fund?***

The rental income would, ideally, cover the operating costs of the Fund ordinarily, but when faced with periods where those costs are particularly high because of essential enhancements and repairs, this may not be the case throughout the period of ownership.

***Will the proposed changes in Capital Gains Tax for Student Accommodation in 2015 have an effect on the Fund?***

We are working with the Fund's tax advisors to fully ascertain any impact on the Fund and once finalised will formulate a policy to mitigate any such tax to the best of the Fund's ability within the confines of any new legislation. We do not at this stage believe there is a need to change the current investment objectives or strategy of the Fund. However for now it is in the assessment stage and we will advise further of our investigations in the near future.

***Are the parties operating the Fund still taking their fees?***

Yes, all fees are disclosed in the Fund Documentation and are permitted to be paid during a period of suspension. The level of work being undertaken during this period is often as significant as if the Fund is operating during times of dealing. It is important that all parties associated with the ongoing operation of the Fund continue to be remunerated according to the agreed contracts so that all the functions the Fund still has to perform are undertaken. This is standard industry practice and is deemed to be in the best interests of Shareholders.

We hope that the above gives you some further assurances and we thank you once again for your patience and continued support. We intend on contacting you all again in the near future with details regarding the sale of further assets.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Graham Basham', written in a cursive style.

Graham Basham  
**Director**  
**Active Fund Services Limited**