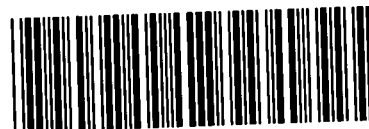


ULIVING@ESSEX2 HOLDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

MONDAY



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ULIVING@ESSEX2 HOLDCO LIMITED

COMPANY INFORMATION

Directors	Mark Gwynfor George Davies (appointed 11 May 2017) Mark Jonathan Fowkes (appointed 11 May 2017) Nicolas Alexandre Pierre Guerin Matthew Thomas Rickards (appointed 11 May 2017) Samantha Tracy Veal (appointed 20 July 2017) Daniel Marinus Maria Vermeer (appointed 18 April 2018)
Company secretary	Kirti Ratilal Shah (appointed 22 March 2018)
Registered number	09840093
Registered office	Welken House 10-11Charterhouse Square London EC1M 6EH
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

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ULIVING@ESSEX2 HOLDCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The Directors submit their annual Strategic Report of ULiving@Essex2 HoldCo Limited (the "Company") for the year ended 31 December 2017. The Company was incorporated on 26 October 2015.

Principal activities

The principal activity of the Company is that of a holding company. It holds 100% of the share capital of ULiving@Essex2 Limited, whose principal activity is to design, build, finance and manage student accommodation for the period from May 2017 to August 2068. The construction of the new accommodation is still in progress with practical completion expected in September 2018.

The Company also holds 100% of the share capital of a new subsidiary, ULiving@Essex2 Issuerco plc, whose principal activity is to raise bond financing, and loan this to ULiving@Essex2 Limited via an intercompany loan. The bond is repayable in semi-annual installments ending August 2063.

Business review

The Group loss for the year before taxation was £1,090k.

Principal risks and uncertainties

Under the terms of the PFI/PPP concession contracts, the Group is required to meet certain key performance targets. The Directors review actual performance against those targets on a regular basis to mitigate risks arising from contract activities.

The Group's main commercial risks during the year are attributable to the collection of rent and repayment of the bonds.

The Group has committed listed bonds which are secured on the assets and future revenues of the Group. As per the Bond Trust Deed, a fixed and floating charge debenture has been granted by ULiving@Essex2 HoldCo Limited in favour of the Security Trustee (the "HoldCo Debenture"). The Group's cash flow risk is managed by monitoring cash flow as part of the day-to-day control procedures.

The Directors consider cash flow projections to ensure appropriate facilities are available to be drawn as necessary.

Credit risk is mitigated via monitoring the progress of the project against milestones under the concession agreement.

The Group manages its liquidity risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

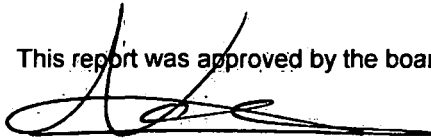
Financial key performance indicators

The Directors consider revenue, operating profit, profit before tax and profit after tax and achievement of milestones under the PFI/PPP concessions to be the key performance indicators of the Group.

The Directors also consider the construction expenditure as a measure of progress of construction and indicative that the project will be delivered on schedule. Construction progress is currently ahead of schedule, and being capped against a fixed payment profile in the financial close model.

There was no profit forecasted for the period of construction therefore the Directors consider the project to be performing satisfactorily during this period.

This report was approved by the board on 31 August 2018 and signed on its behalf.



Daniel Marinus Maria Vermeer
Director

ULIVING@ESSEX2 HOLDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The loss for the year, after taxation, amounted to £1,097 thousand (2016 - profit £NIL).

There were no dividends declared or paid.

Directors

The Directors who served during the year were:

Mark Gwynfor George Davies (appointed 11 May 2017)
Mark Jonathan Fowkes (appointed 11 May 2017)
Nicolas Alexandre Pierre Guerin
Peter John Sheldrake (appointed 11 May 2017, resigned 18 April 2018)
Matthew Thomas Rickards (appointed 11 May 2017)
Samantha Tracy Veal (appointed 20 July 2017)
Nicolas Vincent Christian Swiderski (resigned 20 July 2017)

Going concern

The Group meets its day to day working capital requirements principally through a mixture of shareholder loans and bond finance. The bond finance loans are in place to 2063 and interest payments are RPI linked for the term of the loan.

The Group's forecasts and projections, which take into account reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

The Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis on preparing the financial statements.

Future developments

The Directors of the Company are not aware of any circumstances by which the principal activity of the Company and Group would alter or cease.

Qualifying third party indemnity provisions

The directors of ULiving@Essex2 HoldCo Limited have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

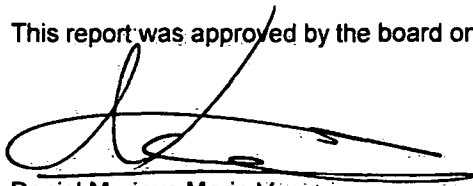
Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

BDO LLP were appointed as first auditors in the period. The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 August 2018 and signed on its behalf.



Daniel Marinus Maria Vermeer
Director

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ULIVING@ESSEX2 HOLDCO LIMITED

Opinion

We have audited the financial statements of ULiving@Essex2 Holdco Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's loss for year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

ULIVING@ESSEX2 HOLDCO LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ULIVING@ESSEX2 HOLDCO
LIMITED (CONTINUED)**

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

ULIVING@ESSEX2 HOLDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ULIVING@ESSEX2 HOLDCO LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ULIVING@ESSEX2 HOLDCO LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ULIVING@ESSEX2 HOLDCO
LIMITED (CONTINUED)**

BDO LLP

Alexander Tapp (Senior Statutory Auditor)

for and on behalf of

BDO LLP

55 Baker Street

London

W1U 7EU

31 August 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ULIVING@ESSEX2 HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Turnover	4	39,398	-
Cost of sales		(39,398)	-
Gross profit		<u>-</u>	<u>-</u>
Administrative expenses		(19)	-
Operating loss	5	(19)	-
Interest receivable and similar income	7	57	-
Interest payable and expenses	8	(1,128)	-
Loss before tax		<u>(1,090)</u>	<u>-</u>
Tax on loss		(7)	-
Loss for the financial year		<u>(1,097)</u>	<u>-</u>
Other comprehensive income for the year			
Total comprehensive loss for the year		<u>(1,097)</u>	<u>-</u>
Loss for the year attributable to:			
Owners of the parent company		(1,097)	-
		<u>(1,097)</u>	<u>-</u>

The notes on pages 18 to 30 form part of these financial statements.

The above results relate to continuing operations.

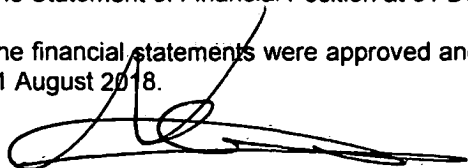
ULIVING@ESSEX2 HOLDCO LIMITED
REGISTERED NUMBER: 09840093

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	10	38,271	-
		<u>38,271</u>	<u>-</u>
Current assets			
Debtors: amounts falling due within one year	12	761	-
Cash at bank and in hand	13	23,876	-
		<u>24,637</u>	<u>-</u>
Creditors: amounts falling due within one year	14	(3,781)	-
Net current assets		<u>20,856</u>	<u>-</u>
Total assets less current liabilities		<u>59,127</u>	<u>-</u>
Creditors: amounts falling due after more than one year	15	(60,174)	-
Net (liabilities)/assets		<u>(1,047)</u>	<u>-</u>
Capital and reserves			
Called up share capital	17	50	-
Profit and loss account		(1,097)	-
Equity attributable to owners of the parent Company		<u>(1,047)</u>	<u>-</u>
		<u>(1,047)</u>	<u>-</u>

The Group did not trade in the comparative period from incorporation on 26 October 2015 to 31 December 2016. The Statement of Financial Position at 31 December 2016 comprised £100 of called up share capital paid.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 August 2018.



Daniel Marinus Maria Vermeer
Director

The notes on pages 18 to 30 form part of these financial statements.

ULIVING@ESSEX2 HOLDCO LIMITED
REGISTERED NUMBER: 09840093

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	11	50	-
		<u>50</u>	<u>-</u>
Current assets			
Debtors: amounts falling due within one year	12	50	-
		<u>50</u>	<u>-</u>
Creditors: amounts falling due within one year		(50)	-
		<u>(50)</u>	<u>-</u>
Net current assets		-	-
Total assets less current liabilities		<u>50</u>	<u>-</u>
Capital and reserves			
Called up share capital	17	50	-
		<u>50</u>	<u>-</u>

The Company did not trade in the comparative period from incorporation on 26 October 2015 to 31 December 2016. The Statement of Financial Position at 31 December 2016 comprised £100 of called up share capital paid.

The Company has taken advantage of Section 408 of the Companies Act 2006 not to publish its own Statement of Comprehensive Income. The result for the year was £nil.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 August 2018.


Daniel Marinus Maria Vermeer
 Director

The notes on pages 18 to 30 form part of these financial statements.

ULIVING@ESSEX2 HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
Comprehensive income for the year				
Loss for the year	-	(1,097)	(1,097)	(1,097)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(1,097)	(1,097)	(1,097)
Shares issued during the year	50	-	50	50
Total transactions with owners	50	-	50	50
At 31 December 2017	50	(1,097)	(1,047)	(1,047)

ULIVING@ESSEX2 HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Total equity £000
Other comprehensive income for the period	-
Total comprehensive income for the period	-
Total transactions with owners	-

The notes on pages 18 to 30 form part of these financial statements.

ULIVING@ESSEX2 HOLDCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Total equity £000
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Contributions by and distributions to owners		
Shares issued during the year	50	50
Total transactions with owners	50	50
At 31 December 2017	50	50

ULIVING@ESSEX2 HOLDCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Total equity £000
Other comprehensive income for the period	<hr/> - <hr/>
Total comprehensive income for the period	<hr/> - <hr/>
Total transactions with owners	<hr/> - <hr/>

The notes on pages 18 to 30 form part of these financial statements.

ULIVING@ESSEX2 HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £000	2016 £000
Cash flows from operating activities		
Loss for the financial year	(1,097)	-
Adjustments for:		
Interest paid	1,128	-
Interest received	(57)	-
Taxation charge	7	-
Increase in debtors	(761)	-
Increase in creditors	798	-
Net cash from operating activities	<u>18</u>	<u>-</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(36,372)	-
Interest received	57	-
Net cash used in investing activities	<u>(36,315)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from issue of new shares	50	-
New secured loans	61,658	-
Loan arrangement fees	(1,519)	-
Interest paid	(16)	-
Net cash from financing activities	<u>60,173</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>23,876</u>	<u>-</u>
Cash and cash equivalents at the end of year	<u>23,876</u>	<u>-</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>23,876</u>	<u>-</u>
	<u>23,876</u>	<u>-</u>

ULIVING@ESSEX2 HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

ULiving@Essex 2 HoldCo Limited is a private company limited by shares and incorporated and domiciled in England and Wales. The registered office is as stated on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The presentational currency is Sterling (£), which is the functional currency of the Group and is presented in £000's.

In preparing the financial statements, the parent Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 Related Party Disclosures;
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 Statement of Financial Position.
- from presenting a company cash flow statement.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.3 Going concern

The Group meets its day to day working capital requirements principally through a mixture of shareholder loans and project related listed bonds. The RPI linked bonds are in place to 2063 and interest payments are RPI linked for the term of the loan. Exposure to RPI movements are mitigated by the RPI linked increases in rental income.

The Group's forecasts and projections, taking into account of reasonably possible changes in trading performance show that the Group should be able to operate within the level of its current facilities,

The directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The Company and Group believes that this is an infrastructure asset with the right to charge for use of the infrastructure assets to the University, either directly or via a 3rd party who would then take letting risk on a similar arrangement to the existing one with the University.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The intangible asset will be amortised over the length of the concession through to August 2068, at which point ownership passes to the University.

2.5 Segment reporting

The Group has one segment so no further analysis is provided.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.7 Financial instruments

Financial assets and financial liabilities are recognised in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables) under PFI contracts but also incorporate other types of contractual monetary asset. They are carried at cost less any provision for impairment.

Impairment of financial asset

Impairment of financial assets relates to trade receivables. They are assessed for indicators of impairment at each reporting date. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An Equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the proceeds received.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.8 Finance costs

Upfront finance costs of procuring senior debt facilities are capitalised during construction and subsequently amortized over the life of the relevant loans and charged to the profit or loss account. Arrangement fees for these facilities have been capitalised against the cost of the loan.

Finance costs that are directly attributable to the cost of construction of the fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins both finance costs and expenditure for the assets are being incurred and activities that are necessary to get the assets ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the assets ready for use are complete.

2.9 Revenue

Turnover represents income received in the ordinary course of business for services provided and excludes value added tax.

Construction revenue - this is measured at the fair value of consideration received or receivable and represents the value of construction work-in-progress as construction progresses. Revenue on construction is recognised at cost with no margin as profitability is considered to be negligible with no interim services provided during construction and the risk fully passed down to the building contractor. This key judgement has been disclosed in note 3.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Taxation

Current and deferred tax, including UK corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are recognised in respect of all timing differences that have originated but not reversed at the reporting date except:

- Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the differences can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets are recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable company.

2.12 Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

3.1 Critical judgements in applying the Company's accounting policies

The critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Classification of asset

The property has been classified as an intangible asset under with FRS102. The Group believes that this is an infrastructure asset with the right to charge for use of the infrastructure assets to the University, either directly or via a 3rd party who would then take letting risk on a similar arrangement to the existing one with the University.

Capitalisation of costs judgement

During the period of construction, all costs incurred as a direct result of designing and constructing the student accommodation have been capitalised. The Directors consider this to be appropriate since the risks and rewards of ownership rest with the Group.

Construction margin

Revenue on construction is recognised at cost with no margin as profitability is considered to be negligible with no interim services provided during construction and the risk fully passed down to the building contractor.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £000	2016 £000
Construction turnover	39,398	-
	<u>39,398</u>	<u>-</u>

All turnover arose within the United Kingdom.

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5. Operating loss

The operating loss is stated after charging:

	2017	2016
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	14	-
	=====	=====

6. Employees

The Group has no employees other than the Directors, who did not receive any remuneration (2016 - £NIL).

7. Interest receivable

	2017	2016
	£000	£000
Other interest receivable	57	-
	=====	=====
	57	-
	=====	=====

8. Interest payable and similar charges

	2017	2016
	£000	£000
Bond interest payable	36	-
Other interest payable	1	-
Bond indexation cost	1,057	-
Amortisation of loan costs	34	-
	=====	=====
	1,128	-
	=====	=====

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9. Taxation

	2017	2016
	£000	£000
Corporation tax		
Current tax on profits for the year	7	-
	7	-
Total current tax	7	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	7	-

Factors affecting tax charge for the year/period

The tax assessed for the year/period is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 19% (2016 - 20%) as set out below:

	2017	2016
	£000	£000
Loss on ordinary activities before tax	(1,090)	-
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(208)	-
Effects of:		
Expenses not deductible for tax purposes	215	-
Total tax charge for the year	7	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

There was no deferred tax balance as at the year end.

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10. Intangible assets

Group

	Intangible assets £000
Cost	
Additions	38,271
At 31 December 2017	38,271
Net book value	
At 31 December 2017	38,271
At 31 December 2016	

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11. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
ULiving@Essex 2 Limited	Ordinary	100 %	Construction
ULiving@Essex Issuerco PLC	Ordinary	100 %	Finance

All companies were incorporated in England and have the same registered office as the parent company.

Company

	Investments in subsidiary companies £000
Cost	
Additions	50
At 31 December 2017	50
Net book value	
At 31 December 2017	50
At 31 December 2016	-

12. Debtors

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Amounts owed by group undertakings	-	-	50	-
Other debtors	761	-	-	-
	761	-	50	-

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13. Cash and cash equivalents

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank and in hand	23,876	-	-	-
	<u>23,876</u>	<u>-</u>	<u>-</u>	<u>-</u>

14. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade creditors	44	-	-	-
Accruals and deferred income	3,730	-	-	-
Corporation tax	7	-	-	-
Amounts owed to group companies	-	-	50	-
	<u>3,781</u>	<u>-</u>	<u>50</u>	<u>-</u>

15. Creditors: Amounts falling due after more than one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bonds	61,659	-	-	-
Unamortised loan costs	(1,485)	-	-	-
	<u>60,174</u>	<u>-</u>	<u>-</u>	<u>-</u>

Bonds

£60,600,000 0.1% Guaranteed Secured Indexed Bonds due 2063 were issued on 31 May 2017 by ULiving@Essex2 IssuerCo plc, a group company, and listed on the Irish Stock Exchange, guaranteed by Assured Guaranty (Europe) Limited and Assured Guaranty Municipal Corp. As at 31 December 2017 £61,656,937 of the bond facility is outstanding.

As per the Bond Trust Deed, a fixed and floating charge debenture has been granted by ULiving@Essex2 HoldCo Limited in favour of the Security Trustee (the "HoldCo Debenture").

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	2017 £000	2016 £000
Bonds are repayable as follows		
Within one year	-	-
Between one and two years	1,458	-
Between two and five years	4,409	-
More than five years	55,792	-
Unamortised loan fees	(1,485)	-
	60,174	-

16. Financial instruments

	Group 2017 £000	Group 2016 £000
Financial assets		
Financial assets measured at fair value through profit or loss	23,876	-
Financial liabilities		
Financial liabilities measured at amortised cost	(65,433)	-

Financial assets measured at amortised cost comprise cash at bank and in hand.

Financial liabilities measured at amortised cost comprise bond loans, trade creditors, accruals and other creditors.

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17. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
50,200 (2016 - 100) Ordinary shares of £1 each	<u>50,200</u>	<u>100</u>

50,100 shares were issued in the period, at par for cash consideration. The shares were allocated as follows:

BY Development Limited	5,010	A Ordinary Shares
Centro Place Investments Limited	5,010	B Ordinary Shares
Equitix Infrastructure 4 Limited	40,080	C Ordinary Shares

The A, B and C ordinary shares confer upon the holders the same rights and rank pari passu in all respects except as otherwise provided in the Company's Articles of Association.

18. Capital commitments

At 31 December 2017 the Group had capital commitments as follows:

	Group 2017 £000	Group 2016 £000
Contracted for but not provided in these financial statements	<u>27,152</u>	<u>-</u>
	<u>27,152</u>	<u>-</u>

19. Related party transactions

During the period the Company incurred construction costs amounting to £18,176k from Bouygues UK Limited, a company under common ownership with BY Development Limited, a shareholder of ULiving@Essex2 HoldCo Limited. As at 31 December 2017 £2,956k was outstanding. Additionally, the Company incurred £4,146k of development costs to Bouygues Development Limited of which £21k was outstanding at 31 December 2017.

During the period the Company incurred debt arrangement fees, legal costs and letter of credit fees of £108k from Derwent Housing Association Limited, a company under common ownership with Centro Place Investments, a shareholder of ULiving@essex2 HoldCo Limited, which were all paid in the period.

During the period the Company incurred arrangement fees of £108k from Equitix Limited, which is associated by being a sister company to Equitix Investment Management Limited, the Manager to Equitix Fund IV LP, the ultimate owner of 80% of the share capital in ULiving@Essex2 HoldCo Limited. Equitix Limited is the parent company of Equitix Management Services Limited which received £38k for asset management services during the period.

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20. Controlling party

The Company is owned and jointly controlled between BY Development Limited (10%), a UK company wholly owned by Bouygues SA incorporated in France, Centro Place Investments Limited (10%), a UK company wholly owned by Derwent Housing Association Limited incorporated in the United Kingdom and Equitix Infrastructure 4 Limited (80%), a UK company wholly owned by Equitix Fund IV LP an English Limited Partnership.

The Directors consider there to be no controlling entity.