

Registered number: 09840093

ULIVING@ESSEX2 HOLDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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ULIVING@ESSEX2 HOLDCO LIMITED

COMPANY INFORMATION

Directors	Mark Gwynfor George Davies Mark Jonathan Fowkes Matthew Thomas Rickards Daniel Marinus Maria Vermeer (appointed 18 April 2018) Martin John Smith (appointed 19 December 2018) Elodie Nadine Olivia Ordines (appointed 20 June 2018)
Company secretary	Kirti Ratilal Shah
Registered number	09840093
Registered office	5th Floor 120 Aldersgate Street London EC1A 4JQ
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

ULIVING@ESSEX2 HOLDCO LIMITED

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ULIVING@ESSEX2 HOLDCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The Directors submit their annual Strategic Report of ULiving@Essex2 HoldCo Limited (the "Company") for the year ended 31 December 2018. 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 Company also holds 100% of the share capital of another 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 £1,841k. (2017: £1,090k).

The financial position of the Group is presented in the Statement of Financial Position. The Group had net liabilities of £2,888k (2017: 1,047k) and cash of £2,469k (2017: £23,876k) as at 31 December 2018.

The project achieved practical completion in September 2018, and the Directors consider the operational phase of the project to be performing satisfactorily.

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.

Liquidity Risk

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.

Interest rate risk

The Group does not have an interest rate or RPI swap in place to mitigate against risk.

ULIVING@ESSEX2 HOLDCO LIMITED

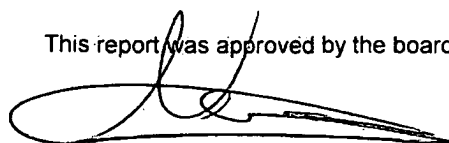
**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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, which are highlighted below. Revenue during construction included construction turnover, where as in the operational phase only rental income and pass through costs are receivable and the revenue reduction is a result of this. As such the the Directors consider the project to be performing satisfactorily following the completion of construction despite the recorded losses as this was forecast during the early stages of the project. Through the contractual agreements in place, the SPV has to achieve various milestones during the year, in regards to financial reporting to lenders and requirements such as model submissions. The Directors are satisfied these contractual milestones have been achieved.

	2018 £000	2017 £000
Revenue	31,255	39,398
Operating profit/(loss)	250	(19)
(Loss)/profit before tax	(367)	37
(Loss)/profit after tax	(297)	30

This report was approved by the board on 28 June 2019 and signed on its behalf.



Daniel Marinus Maria Vermeer
Director

ULIVING@ESSEX2 HOLDCO LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The loss for the year, after taxation, amounted to £1,841k (2017 - £1,097k).

There were no dividends declared or paid.

Directors

The Directors who served during the year were:

Mark Gwynfor George Davies
Mark Jonathan Fowkes
Nicolas Alexandre Pierre Guerin (resigned 19 December 2018)
Peter John Sheldrake (resigned 18 April 2018)
Matthew Thomas Rickards
Samantha Tracy Veal (resigned 22 June 2018)
Nicolas Vincent Christian Swiderski (resigned 20 July 2017)
Daniel Marinus Maria Vermeer (appointed 18 April 2018)
Martin John Smith (appointed 19 December 2018)
Elodie Nadine Olivia Ordines (appointed 20 June 2018)

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 Group 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.

ULIVING@ESSEX2 HOLDCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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.


Post balance sheet events

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

Auditors

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 28 June 2019 and signed on its behalf.



Daniel Marinus Maria Vermeer
Director

ULIVING@ESSEX2 HOLDCO LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 judgements 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.

ULIVING@ESSEX2 HOLDCO LIMITED

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 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, 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 2018 and of the Group's loss for the 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.

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 Auditors' 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

ULIVING@ESSEX2 HOLDCO LIMITED

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

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.

Opinion 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 the 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

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 on page 5, 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.

ULIVING@ESSEX2 HOLDCO LIMITED

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

Auditors' 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 Auditors' 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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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.



Alexander Tapp (Senior Statutory Auditor)

for and on behalf of
BDO LLP

55 Baker Street
London
W1U 7EU

28 June 2019

ULIVING@ESSEX2 HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	28,648	39,398
Cost of sales		(27,996)	(39,398)
Gross profit		652	-
Administrative expenses		(438)	(19)
Operating profit/(loss)	5	214	(19)
Interest receivable and similar income	7	20	57
Interest payable and expenses	8	(2,075)	(1,128)
Loss before taxation		(1,841)	(1,090)
Tax on loss	9	-	(7)
Loss for the financial year		(1,841)	(1,097)
 Total comprehensive income for the year		 (1,841)	 (1,097)
Loss for the year attributable to:			
Owners of the parent Company		1,841	1,097
		1,841	1,097

The notes on pages 17 to 29 form part of these financial statements.

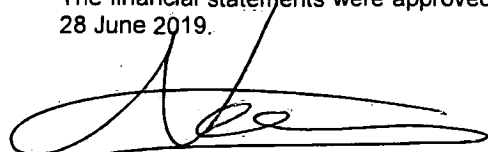
The above results relate to continuing operations.

ULIVING@ESSEX2 HOLDCO LIMITED
REGISTERED NUMBER: 09840093

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	10	64,238	38,271
		<u>64,238</u>	<u>38,271</u>
Current assets			
Debtors: amounts falling due within one year	12	30	761
Cash at bank and in hand	13	2,469	23,876
		<u>2,499</u>	<u>24,637</u>
Creditors: amounts falling due within one year	14	(2,287)	(3,781)
Net current assets		<u>212</u>	<u>20,856</u>
Total assets less current liabilities		<u>64,450</u>	<u>59,127</u>
Creditors: amounts falling due after more than one year	15	(67,338)	(60,174)
Provisions for liabilities			
Net liabilities		<u>(2,888)</u>	<u>(1,047)</u>
Capital and reserves			
Called up share capital	17	50	50
Profit and loss account		(2,938)	(1,097)
		<u>(2,888)</u>	<u>(1,047)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2019.



Daniel Marinus Maria Vermeer
Director

The notes on pages 17 to 29 form part of these financial statements.

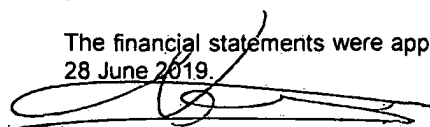
ULIVING@ESSEX2 HOLDCO LIMITED
REGISTERED NUMBER: 09840093

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	11	50	50
		<u>50</u>	<u>50</u>
Current assets			
Debtors: amounts falling due within one year	12	50	50
		<u>50</u>	<u>50</u>
Creditors: amounts falling due within one year	14	(50)	(50)
		<u>-</u>	<u>-</u>
Net current assets		-	-
Total assets less current liabilities		<u>50</u>	<u>50</u>
Net assets		<u>50</u>	<u>50</u>
Capital and reserves			
Called up share capital	17	50	50
		<u>50</u>	<u>50</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The results for the year was £nil.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2019.



Daniel Marinus Maria Vermeer
Director

The notes on pages 17 to 29 form part of these financial statements.

ULIVING@ESSEX2 HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000
At 1 January 2018	50	(1,097)	(1,047)	(1,047)
Comprehensive income for the year				
Loss for the year	-	(1,841)	(1,841)	(1,841)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(1,841)	(1,841)	(1,841)
Total transactions with owners	-	-	-	-
At 31 December 2018	50	(2,938)	(2,888)	(2,888)

The notes on pages 17 to 29 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)

The notes on pages 17 to 29 form part of these financial statements.

ULIVING@ESSEX2 HOLDCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Total equity
	£000	£000
At 1 January 2018	50	50
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Total transactions with owners	-	-
At 31 December 2018	50	50

The notes on pages 17 to 29 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

The notes on pages 17 to 29 form part of these financial statements.

ULIVING@ESSEX2 HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £000	2017 £000
Cash flows from operating activities		
Loss for the financial year	(1,841)	(1,097)
Adjustments for:		
Amortisation of intangible assets	335	-
Interest charged to profit and loss account	2,074	1,128
Interest receivable	(20)	(57)
Taxation charge	-	7
Decrease/(increase) in debtors	737	(761)
Increase in creditors	367	798
Net cash generated from operating activities	1,652	18
Cash flows from investing activities		
Purchase of intangible fixed assets	(29,135)	(36,372)
Interest received	20	57
Net cash from investing activities	(29,115)	(36,315)
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)
Subordinated debt received	6,056	-
Net cash used in financing activities	6,056	60,173
Net (decrease)/increase in cash and cash equivalents	(21,407)	23,876
Cash and cash equivalents at beginning of year	23,876	-
Cash and cash equivalents at the end of year	2,469	23,876
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,469	23,876
	2,469	23,876

The notes on pages 17 to 29 form part of these financial statements.

ULIVING@ESSEX2 HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 judgement in applying the Group's accounting policies (see note 3).

The presentational currency is Sterling (£) 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 statement of cash flows, as required by Section 7 Statement of Cash Flows.
- equivalent disclosure is included in the Group accounting policy and notes.

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 2018

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. Intangible assets become eligible for amortisation on construction completion. Impairment of the intangible asset is considered by the Directors on an annual basis. The Company and Group believe 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. 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.

2.7 Interest receivable and payable

Interest receivable and payable is recognised in the Statement of Comprehensive Income in the period in which it arises.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.8 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

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any 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.

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.

2.9 Finance costs

Upfront finance costs of procuring senior debt facilities are capitalised 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 expensed over the course of the loan on the consolidated P&L.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.10 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.

Rental income - this represents income which is receivable from the counter party to the service concession arrangement. Income is based on a guaranteed percentage of units available for rental at a contractually agreed date, along with any other rental income received from the rental of units which are not filled by the counter party. The rental income is recognised over the period or year to which the income relates.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 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.

2.13 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.

2.14 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 2018

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 apart from bond interest charges which have been expensed within the consolidated accounts. 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:

	2018 £000	2017 £000
Construction turnover	27,706	39,398
Rental income	943	-
	<u>28,649</u>	<u>39,398</u>

All turnover arose within the United Kingdom.

ULIVING@ESSEX2 HOLDCO LIMITED

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5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2018	2017
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	14	14

6. Employees

No staff or Directors were directly employed by the Group (2017: None) therefore there was no remuneration for the year (2017: £Nil). Services provided by the contractors include the provision of staff and management to perform contractual responsibilities. Costs associated with the staff and management are included within the contractors service charge.

7. Interest receivable

	2018	2017
	£000	£000
Other interest receivable	20	57

8. Interest payable and similar expenses

	2018	2017
	£000	£000
Bank interest payable	36	36
Other interest payable	-	1
Shareholder loan interest	203	-
Bond indexation cost	1,801	1,057
Amortisation of loan costs	35	34

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9. Taxation

	2018 £000	2017 £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

The tax assessed for the year is the same as (2017 - the same as) the standard rate of corporation tax in the UK of 19% (2017 - 20%) as set out below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(1,090)	(1,089)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(77)	(208)
Effects of:		
Expenses not deductible for tax purposes	-	215
Deferred tax asset not recognised on losses	77	-
Total tax charge for the year	-	7

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Intangible assets**Group and Company**

	Intangible assets £000
Cost	
At 1 January 2018	38,271
Additions	26,302
At 31 December 2018	64,573
Amortisation	
Charge for the year	335
At 31 December 2018	335
Net book value	
At 31 December 2018	64,238
At 31 December 2017	38,271

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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@Essex2 Limited	Ordinary	100 %	Construction and management
uLiving@Essex2 Issuerco plc	Ordinary	100 %	Finance

Name	Registered office
uLiving@Essex2 Limited	5th floor, 120 Aldersgate Street, EC1A 4JQ
uLiving@Essex2 Issuerco plc	5th floor, 120 Aldersgate Street, EC1A 4JQ

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2018	50
At 31 December 2018	50
Net book value	
At 31 December 2018	50
At 31 December 2017	50

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12. Debtors

	Group 2018 £000	Company 2018 £000	<i>Company 2017 £000</i>
Due after more than one year			
	-	-	-
	Group 2018 £000	Group 2017 £000	Company 2018 £000
Due within one year			<i>Company 2017 £000</i>
Amounts owed by group undertakings	-	-	50
Other debtors	-	761	-
Prepayments and accrued income	30	-	-
	30	761	50

13. Cash and cash equivalents

	Group 2018 £000	<i>Group 2017 £000</i>
Cash at bank and in hand	2,469	23,876
	2,469	23,876

14. Creditors: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	<i>Company 2017 £000</i>
Secured loans	1,433	-	-	-
Unamortised debt issue costs	(35)	-	-	-
Trade creditors	168	44	-	-
Accruals and deferred income	714	3,730	-	-
Corporation tax	7	7	-	-
Amounts owed to group companies	-	-	50	50
	2,287	3,781	50	50

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

	Group 2018 £000	<i>Group 2017 £000</i>
Bonds	59,165	60,602
Unamortised loan costs	(1,415)	(1,485)
Accumulated indexation	2,859	1,057
Shareholder loans	6,729	-
	<u>67,338</u>	<u>60,174</u>

Shareholder loans

Shareholder loan notes were drawdown during the year, and charge interest at 9.0% and the percentage increase in RPI published for the most recent month of August. Principal repayments are made semi annually from August 2019, due to be fully repaid by August 2065.

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").

Bonds are repayable as follows

	2018 £000	2017 £000
Within one year	1,433	-
Between one and two years	1,447	1,458
Between two and five years	4,304	4,409
More than five years	53,415	55,792
Unamortised loan fees	(1,450)	(1,485)
	<u>59,149</u>	<u>60,174</u>

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16. Financial instruments

	Group 2018 £000	Group 2017 £000
Financial assets		
Financial assets measured at amortised cost	2,469	23,876
Financial liabilities		
Financial liabilities measured at amortised cost	(71,119)	(65,433)

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

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

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17. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
50,200 (2017 - 50,200) Ordinary shares of £1.00 each	<u>50,200</u>	<u>50,200</u>

18. Related party transactions

During the period the Company incurred construction costs amounting to £25,625k (2017: £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 2018 nothing was outstanding (2017: £2,956k). The Company incurred no further development costs to Bouygues Development Limited (2017: £4,146k).

During the year the Company incurred facilities management fees of £386k (2017: None) of which £386k was outstanding as at 31 December 2018. In the comparative 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 comparative period.

During the year the Group incurred asset management fees of £29k (2017: £38k) from Equitix Management Services, of which Equitix Limited is the parent company, 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. As at 31 December 2018 there was an outstanding creditor balance for EMS of 18k (2017: None).

As at year end each shareholder had the following loan and interest balances. Equitix Infrastructure 4 Limited loan balance of £5,383k (2017: £Nil) and interest of £306k (2017: £Nil), Centro Place Investments Limited loan balance of £673k (2017: £Nil) and interest of £38k (2017: £Nil) and BY Development Limited loan balance of £673k (2017: £Nil) and interest of £38k (2017: £Nil).

19. 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.