

Victus European Student Accommodation Fund IC Limited
(Registered number: 56015)

Annual Report and Audited Consolidated Financial Statements

For the year ended 31 August 2016

Victus European Student Accommodation Fund IC Limited

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Victus European Student Accommodation Fund IC Limited

Officers and Professional Advisors

Directors

Karen Haith (resigned on 13 July 2016)
Gunther Gommès (resigned on 5 December 2016)
Kerry-Anne Marais
James Metcalf
Justin Partington (resigned on 3 November 2015)
Edward Kisala (appointed on 1 July 2017)

Registered Office

11 New Street
St Peter Port
Guernsey
GY1 2PF

**Designated Manager, Administrator,
Registrar and Secretary**

Vistra Fund Services (Guernsey) Limited
(formerly Orangefield Legis Fund Services Limited)
11 New Street
St Peter Port
Guernsey
GY1 3EG

Property Manager

Prime Student Living Limited
Manchester International Office Centre
Suite 3D
Styal Road
Manchester
M22 5WB

Property Advisor

Crosslane Property Advisor (Guernsey) Limited
Second Floor
La Plaiderie Chambers
La Plaiderie
St Peter Port
Guernsey
GY1 1WG

CISE Listing Sponsor

Carey Commercial Limited (until 22 July 2016)
PO Box 285
1st and 2nd Floors
Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey
GY1 4LX

Promoter

Crosslane Fund Managers LLP
Manchester International Office Centre
Suite 3D
Styal Road
Manchester
M22 5WB

Custodian and Principal Bankers

Royal Bank of Canada (Channel Islands) Limited
Canada Court
Upland Road
St Peter Port
Guernsey
GY1 3BQ

Valuation Agent

Savills (UK) Limited
33 Margaret Street
London
W1G 0JD

**Legal Advisor as to
the laws of Guernsey**

Appleby (Guernsey) LLP (appointed on 25 July 2016)
Regency Court
Glatigny Esplanade
St Peter Port
Guernsey
GY1 1WW

Carey Olsen (replaced on 25 July 2016)

Carey House
Les Banques
St Peter Port
Guernsey
GY1 4BZ

**Legal Advisor as to
the laws of England**

Squire Patton Boggs (UK) LLP
6 Wellington Place
Leeds
England
LS1 4AP

Tax Accountants

PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Glatigny Esplanade
St Peter Port
Guernsey
GY1 4ND

Independent Auditor

Saffery Champness (appointed on 15 November 2016)
PO Box 141
La Tonnelle House
Les Banques
St Sampson
Guernsey
GY1 3HS

BDO Limited (resigned on 10 August 2016)

Place du Pre
Rue du Pre
St Peter Port
Guernsey
GY1 3LL

Victus European Student Accommodation Fund IC Limited

Company Summary

The Company	Victus European Student Accommodation Fund IC Limited (the "Company") is an open-ended investment company established as an incorporated cell of Victus Capital ICC Limited (the "ICC") under the provisions of the Companies (Guernsey) Law, 2008 as amended (the "Companies Law"). The ICC is a registered open-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission.
Objective	The Company was established to take advantage of the developing European student accommodation sector and to provide investors with exposure to this evolving market. The objective of the Company was to generate long term capital appreciation which would be achieved by investing in existing purpose-built student accommodation units, the conversion or renovation of existing commercial property units into modern student accommodation and the acquisition and development of new build opportunities. On 8 July 2016, the Board agreed to an orderly wind up of the Company and therefore from this date the objective of the Company changed to ensuring a timely and efficient winding up of all assets occurs.
Management	The Property Advisor of the Company is Crosslane Property Advisor (Guernsey) Limited (the "Property Advisor"). The Property Advisor was appointed to provide all property investment advice to the Company in respect of property assets owned or to be acquired or developed. The Property Advisor is able to draw upon significant student accommodation experience in the United Kingdom ("UK") and the Directors of the Company believe that the skills, experience and track record gained in the UK are directly transferrable into the targeted European Union ("EU") markets that have been identified. On 1 July 2015, Crosslane Property Advisor (Guernsey) Limited (the "Asset Manager") and the Company entered into an agreement for the provision of asset management services and to make recommendations to the Company in line with the Company's objectives. This agreement was effective from 1 July 2015 and will continue for a period of 5 years and thereafter unless and until terminated by either the Fund or the Asset Manager. The annual management fee will be £250 (or any equivalent in any other agreed currency) per room for all the assets under management.
Capital Structure	<p>The Company can issue an unlimited number of redeemable shares of no par value subject to and in accordance with the authority contained in the Articles. The Directors may allot and issue shares as Management Shares of no par value or as Redeemable Participating Shares of no par value.</p> <p>The Company has one Management Share of no par value in issue. The Management Share is non-redeemable. The holder of the Management Share is entitled to one vote on a show of hands or one vote for each Management Share on a poll. The Management Share does not carry any right to dividends.</p>
CISE Listing	The Company and the ICC were admitted to the official list of the Channel Islands Stock Exchange on 4 March 2013. On 20 December 2013, the listings transferred over to the Channel Islands Securities Exchange ("CISE"). On 22 July 2016 the Company and the ICC were delisted from the CISE. The CISE has since been re-branded as The International Stock Exchange.

Victus European Student Accommodation Fund IC Limited**Property Advisor's Report****UK Market Background**

In recent years, the UK Purpose Built Student Accommodation ('PBSA') sector has withstood a recession, higher University fees being introduced and the 'BREXIT' vote in June 2016. It remains a highly competitive market, continuing to experience high volumes of investment and transactions to further substantiate its resilience to the macro-economic issues that are affecting other markets.

JLL report in their latest quarterly bulletin that around £400m of student accommodation transacted in the second quarter of 2017 and that investor sentiment remains positive. JLL further report that total transaction volumes for the year to date of £1.9b have exceeded the £1.7b transacted in the same period last year, with investor sentiment remaining positive and global capital still attracted to the UK PBSA sector.

This is something echoed by Savills, who confirm that the appeal of investing in student housing has broadened. Savills also highlight that the UK institutions (as well as some European) are seeking to balance their portfolios and increase 'alternative' weightings. Student accommodation is a market that Savills identify as being one of the most predominantly sought, as a liquid sector, and for the very strong investment drivers behind UK Higher Education.

As a result, the Savills UK Student Housing Spotlight Report 2017 ('UK Spotlight Report') advises that investors' appetite for existing assets with stable income streams has never been stronger with Savills expecting total investment of £5.3b in 2017, which is an increase of 17% on the investment seen in 2016. The appetite for student housing has outgrown the supply of available stock. In addition, Savills report that investors are willing to pay premiums for larger portfolios, driven by their need to allocate their investment capital and build scale quickly. Savills note that yields have remained static for the last two years and the portfolio premiums in deals shifted from 10 to 85 basis points relative to how those schemes would be valued individually.

The general consensus last year was that the demand for premium units of accommodation was not as strong as previous years due to a reduction in the number of postgraduate international students however, Savills forecast international student numbers to rise by 6% per year over the next three years. Last year, EU and international students made up 23% of the full-time student population, as reported by Savills in their UK Spotlight Report.

The Effect of the EU referendum

The full impact of the EU referendum in June 2016 on EU student numbers entering the UK market remains largely unknown for the long-term forecast, although Savills stated in their 6-monthly market report as at November 2016 that the UK PBSA sector has picked up momentum since August 2016. This would indicate that the sector is proving resilient to BREXIT.

CBRE prepared a paper on the impact of the EU referendum prior to the vote and advised that they expected that more stringent visa requirements for EU students should the vote be BREXIT could result in increased fees being charged to EU students, and a subsequent drop in applications made. Savills have noted in their 2016/17 Spotlight World Student Housing Report ('World Spotlight Report') that the weaker pound makes studying in the UK cheaper for most overseas students but longer-term uncertainty remains over the treatment of EU students around immigration and fees.

With the benefit of visibility on early bookings post the BREXIT vote, the UCAS statistics and Savills UK Spotlight Report confirm that the total full-time EU students attending UK universities has increased by c.6% for the 2016/17 academic year and Savills expect international student numbers to continue rising by 6% per year over the next 3 years. In reality, growth may be much higher than this as access to UK higher education has been restricted to overseas students for so long and with the restriction on university student recruitment numbers, this barrier has now been lowered.

The UK university system is reported by CBRE as being heavily oversubscribed due to the high-quality research environment, English taught courses, cultural factors and educational reputation that the UK system brings with it. CBRE and Savills therefore advise that the student accommodation market will remain resilient to the BREXIT vote in the short-term.

Of all real estate sectors, student accommodation is still one of the most strongly diversified. It is not reliant on one single income stream, and many universities accelerated their recruitment campaigns towards overseas students with the referendum vote in mind. High occupancy levels are not only an indication that the asset is appealing, but usually evidence that an early and well-structured marketing campaign has been put in place by the operators.

European Market Background

One issue which is noted by all professional valuers on the mainland Europe student accommodation market is the lack of visibility of deals and the lack of products of scale in comparison to the UK market. In recent years, significant research across many countries and cities within mainland Europe has been undertaken and this is now ensuring more substantial and useful data is being collated. The expectation of Savills is that with this new research becoming available, partnerships and transactions will evolve in the European markets over the next year.

Whilst Savills report that the UK market remains the most dynamic student accommodation market in Europe, this year has seen sectorial shifts in trends across Europe as a whole. The annual Emerging Trends European Survey 2016 has signalled that the European real estate industry now reflects a willingness to embrace alternative sectors, with student accommodation proving most popular amongst investors. Although the survey, carried out by PwC and the Urban Land Institute jointly, surveys over 20 countries in Europe – the UK does contribute 12% of the votes. Findings in the 2016 survey include statistics that 41% are considering investing in alternative sectors which forms a significant increase on the 2015 figure of 28%.

Savills also refer to a growing interest in the sector from institutional investors in their World Spotlight Report and cite BVK and GSA as entities who are looking to secure pipelines in key European countries currently. As yields in the UK sector mature and the demand begins to be met across individual UK cities, investors are increasingly looking to the European student housing market which Savills further describe as still being 'very much an underdeveloped and undersupplied market.'

Victus European Student Accommodation Fund IC Limited**Property Advisor's Report (continued)****European Market Background (continued)**

The introduction of English taught programmes in European markets is also serving as a very powerful tool to attract international students to mainland European universities. The World Spotlight Report focuses on how the USA and UK student housing markets have dominated global investment in the last three years, but that with these markets maturing, investors are looking to new markets for higher returns and mainland Europe is at the forefront.

Germany

The Savills Spotlight Student Housing Germany June 2017 Report advises that the number of students rose for the ninth successive year in the 2016/17 winter semester. The JLL European Student Housing Report 2017 (the "JLL report") states that Germany has the largest student population of all the European markets, having grown by more than 28% over the last decade with only 1% of these students being part-time. German PBSA has a market share of just 11% and rental values have historically been conservative but a lack of supply in many markets is providing private investors with an opportunity to develop schemes with a higher level of service provision for students and recent graduates who are willing to pay more.

Savills report that the student apartment supply in Germany is becoming increasingly differentiated but highly priced and there remains an undersupply of student housing in almost all cities.

France

The JLL report notes that France is one of the largest student markets in Europe, with the total number of students growing by more than 10% over the last decade. International students account for 9.8% of all students. The total market share of PBSA beds in France is 15.3% and PBSA in France is no longer considered part of the regulated residential market, but is instead its own asset class.

CROUS is the largest operator, with over 165,500 beds and a pipeline that is equivalent to 24% of the university owned estate. Private operators are much smaller in scale. Prime yields are currently in the region of 4.25%, ranging to 5.25% in more secondary locations. The biggest challenge in France remains the shortage of institutional grade stock and the limited number of private operators for investors to partner with.

A CBRE report which was prepared in September 2016 cites the different types of student accommodation in France as being one of the major concerns of students. In France, the three main types of accommodation include; i) the family home; ii) collective residences (public and private); and iii) individual accommodation in the private market (rented alone or as a couple, shared flat, etc).

This makes PBSA a very attractive high-end proposition for students. The development of PBSA units will also help meet some of the demand from housing stock in French private residences that CBRE estimate to comprise of more than 130,000 places in the main university regions.

The Savills 2016/17 World Spotlight Report cites a pipeline in France of 9,300 private units which were forecast from 2015 to 2020. In 2014 the government originally set a delivery target of 40,000 units of public student housing by the end of 2017 which has been a catalyst for a healthy French pipeline.

VESAF Portfolio Overview

As at the VESAF year-end date of August 2016, the portfolio of assets under VESAF ownership comprised of six assets within the UK and four assets in mainland Europe.

Subsequent to the August 2016 year-end, St James' Point and St James' Court, Newcastle have been sold and completed on 5 October 2016. Keiller Court, Dundee has also been sold and completed on 19 May 2017.

All existing assets were fully operational ahead of the respective 2016/17 and 2017/18 academic years and there were no other assets under development or refurbishment in either mainland Europe or the UK.

Operating assets

The UK and German portfolio of assets are managed directly by Prime Student Living and the French assets by contracted third party managing agents. All property managers have maintained occupancy levels in line with VESAF expectations and achieved consistently high bookings from one academic year to another.

The salient observation within any independent market report is that the competition on the UK student accommodation market is stronger than any competition for students in the rest of mainland Europe. Therefore, an average occupancy level for the 2016/17 academic year of 98.3% on the five UK assets, and 98.7% on the three remaining UK assets for the 2017/18 academic year demonstrates the strength of the assets in terms of both the location and finished product.

To ensure that high occupancy levels are maintained in the UK cities, Prime Student Living have been liaising with reputable universities in various cities to set up nominations agreements or similar lease agreements.

Following the expiry of the three-year Nominations Agreement with the University of West England a new lease agreement was negotiated on Harbour Court, Bristol with the University of Bristol. A rent guarantee is in place with Prime Student Living Limited for both St Lawrence House and Glassworks to guarantee the rental income at 97% occupancy. As per previous releases, exclusivity agreements with universities further enhance and maintain consistent occupancy levels whilst also keeping rental income stable and predictable.

Recent discussions with reputable universities have resulted in one asset benefiting from a contract to cover different term dates. This not only provides occupants during otherwise more quiet summer months, but also attracts more short-term summer lets than an empty PBSA unit will.

The German assets have both achieved high occupancy levels with both assets achieving 100% in 2016/17 and currently 92% ahead of the 2017/18 winter semester and on target to be fully let by October 2017. This is largely due to the early and extensive marketing campaign that Prime Student Living Deutschland have undertaken. It is also demonstrative of the demand for accommodation in these regions and pricing of rents being attractive to students.

Victus European Student Accommodation Fund IC Limited**Property Advisor's Report (continued)****VESAF Portfolio Overview (continued)**

Works to mobilise the asset in Bordeaux, France were completed ahead of the 2016/17 academic year intake of students, with some minor alterations to the fire alarm detection and lighting added to the original specification during the academic year. The asset is currently operating at occupancy levels of 97% for the 2017/18 academic year (2016/17 – 97%). This is encouraging, particularly as a number of competitors have entered the market within the Bordeaux region since the previous report.

The other French asset in Chambéry, which comprises of two separate buildings, is currently let to student accommodation operators under a head lease. The head lease is currently under negotiation to provide security and clarity on future occupancy levels and responsibilities for maintenance costs associated with this asset.

Refurbishment programmes and works to upgrade

With the introduction of an asset management service in 2015, all assets held within the VESAF portfolio are subject to continual assessment against market conditions and current performance levels.

Given that all UK assets are relatively new builds, there are currently no plans to refurbish or upgrade UK properties.

Minor cyclical maintenance and works to upgrade internal common spaces where necessary have been carried out to ensure that the assets remain highly marketable in the student housing market. The high occupancy levels would suggest that the assets remain competitive on the market and that works to date have maintained a level of appeal to students.

Since the previous Property Advisor Report, Crosslane Property Advisor (Guernsey) Limited (CPAGL) recommended and arranged full fire safety reviews by an independent third-party expert on all the VESAF assets. The overall independent fire risk assessments for the three UK properties were deemed to be compliant with a small number of improvements to the existing fire risk strategies identified. In terms of the German and French assets, the fire risk assessments are expected to be completed during October 2017.

The VESAF Portfolio Strategy

On 4 July 2016, the Board of VESAF issued an announcement via the Channel Islands Securities Exchange (later rebranded to: The International Stock Exchange) to advise that the determination of the net asset value of the Company from the 4 July dealing day had been suspended. Another announcement to include the strategy going forward was released on 8 July 2016. This advised that the Board believed it is prudent and in the interest of stakeholders to offer all assets to the market and to return capital to shareholders by obtaining best value for those assets in the current market environment.

Since this announcement, the VESAF Board and CPAGL continue to manage and coordinate the marketing of all assets within the VESAF portfolio. This is being carried out alongside the normal procedures of the day to day running of assets and the continuation of asset management services whilst assets remain under VESAF ownership. At the time of writing the Property Advisor Report, the below remains the current position.

UK Portfolio

The sale of St James' Point and St James' Court, Newcastle completed on 5 October 2016 and the sale of Keiller Court, Dundee completed on 19 May 2017 through Savills, as appointed independent sales agent.

The remaining three assets within the UK portfolio are being marketed by Savills who expect the sales process to conclude during the first quarter of 2018.

European Portfolio

CPAGL are currently co-ordinating the marketing of the four European assets to the open market through Savills. Brochures are being finalised and Savills expect the sale process to conclude during the first quarter of 2018.

**Crosslane Property Advisor (Guernsey) Limited
3 November 2017** **CROSSLANE**
INVESTING IN THE FUTURE

Victus European Student Accommodation Fund IC Limited

Board of Directors**Gunther Gommès (Independent Non-Executive Director) - resigned 5 December 2016**

Gunther graduated from HELMo University in 1986 in Accounting and Finance. Gunther has over 25 years' international business experience in senior positions. He started his career in Luxembourg in 1987 joining Banque Internationale a Luxembourg's ('BIL') fund administration unit. In May 2000, Gunther went on to join Credit Suisse AM Fund Services in Luxembourg; he transferred on an international assignment to Credit Suisse Fund Administration in Guernsey in 2006, where he was Head of Operations, Co-Chief Operating Officer and Director of the Executive Board. Gunther brought relevant board experience and is fluent in English, German, French and Luxemburgish and conversational in Swiss and Dutch. Gunther is Belgian and resident in Jersey and Guernsey. Gunther resigned from the board of directors of the Company, effective on 5 December 2016.

Kerry-Anne Marais

Kerry-Anne graduated from Heriot Watt University in 1995 and went on to qualify as a Chartered Accountant becoming a Member of the Institute of Chartered Accountants in Scotland in 1999. Over the years Kerry-Anne has held senior positions offshore including financial controller for HSBC Private Bank (Funds), managing director of Augentius Fund Administration (Guernsey) Limited and managing director of Augentius Trust Company (Guernsey) Limited. Kerry-Anne has also acted as designated compliance officer and MLRO. She has had varied Board experience including director of a Guernsey regulated general partner to a property fund and director of a property group which was ultimately sold to a London Stock Exchange listed company. She has also obtained relevant qualifications to complement her experience including the MLRO Diploma, Diploma in Trust creation (law and practice) and the Investment Management Certificate. Kerry-Anne is the managing director of Crosslane Property Advisor (Guernsey) Limited. She is British and resident in Guernsey.

James Metcalf

James studied Mathematics, Computing and Law at Liverpool and Manchester universities. He spent over 20 years in the computing industry operating in sales and senior management at global companies including Tandem and Oracle where he managed multi business sectors. He has Board experience as a Director at several companies and has acted as fund manager previously including those in the Crosslane group of companies which he founded in 2007. James is British and is resident in the United Kingdom.

Edward Kisala (Independent Non-Executive Chairman) - appointed 1 July 2017

Edward is a Chartered Surveyor with almost 30 years' experience in the European real estate industry across most asset classes, including fund, investment, asset and property management. Most recent roles include advisory and investment transaction services to a variety of clients including international funds, family offices and High Net Worth clients. Prior to this he was Head of UK and co-head Europe, for Heitman, the US based Fund Manager. His responsibility for the European Acquisitions team oversaw the investment of over €1.5 billion across Europe, negotiating numerous joint ventures and securing third party debt finance on a large proportion of transactions. Prior to Heitman, Edward was with Lend Lease where he played a key role in establishing and expanding its European operation and was primarily responsible for managing a team of acquisitions/asset management professionals/analysts investing in a €1.5 billion Global Opportunity Fund, working on a pan-European basis. His early career was mostly with DTZ where, after an early grounding in valuation, property/fund management and investment work, he established their Polish operation acting as country manager/team builder and prime business generator and executor. Edward is resident in Luxembourg.

Victus European Student Accommodation Fund IC Limited
Directors' Report

The Directors present their Annual Report and Consolidated Financial Statements of Victus European Student Accommodation Fund IC Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 August 2016.

Company Status

The Company is an incorporated cell of Victus Capital ICC Limited (the "ICC"). The ICC, is a Registered open-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission ("GFSC"). The Company was incorporated on 13 December 2012.

The Company was admitted to the official list of the Channel Islands Stock Exchange on 4 March 2013. On 20 December 2013, the listings transferred over to the Channel Islands Securities Exchange ("CISE"). On 22 July 2016 the Company and the ICC were delisted from the CISE and a decision was made by the Board to wind up the Company together with its subsidiaries in an orderly manner. The CISE has since been re-branded as The International Stock Exchange ("TISE").

As at the year end the following Shares of the Company were listed on the TISE:

	2016	2015
GBP - Class A	-	8,035,193.88
EUR - Class A	-	19,318,712.54
CHF - Class A	-	1,644,717.09
USD - Class A	-	8,190,001.31
GBP - Class B	-	5,624,439.42
EUR - Class B	-	1,361,382.03
CHF - Class B	-	151,087.59
USD - Class B	-	5,172,785.20

Principal Activity

The Company was established to take advantage of the developing European student accommodation sector and provide investors with exposure to this evolving market. The objective of the Company was to generate long term capital appreciation which would be achieved by investing in existing purpose-built student accommodation units, the conversion or renovation of existing commercial property units into modern student accommodation and the acquisition and development of new build opportunities. On 8 July 2016, the Board agreed to an orderly wind up of the Company and therefore from this date the objective of the Company changed to ensuring a timely and efficient winding up of all assets occurs.

To achieve its objective Crosslane Property Advisor (Guernsey) Limited (the "Property Advisor") has been appointed as the property advisor to the Company whilst Crosslane Fund Managers LLP (the "Promoter") is the promoter.

Results and Dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 10.

No dividends were paid or declared during the year ended 31 August 2016 (2015: £Nil). It is not intended that the Company will distribute any of its income, as such all income will be rolled up and reflected in the Net Asset Value ("NAV") of the Redeemable Participating Shares.

Break up basis

As disclosed in note 3.3 to the financial statements, the Board conducts regular assessments of Victus European Student Accommodation Fund's ("VESAF") operational and financial risks with reference to cash flow requirements, the debt position and the liquidity of its investments. Recognising that property investments are relatively illiquid, the policy of the Board is to maintain, where possible, cash balances to 10% of the net asset value as a contingency to meet ongoing and ad-hoc obligations. The Board also maintains an ongoing dialogue with property agents so that it is able to identify and act upon attractive opportunities to sell assets at above carrying value as and when those opportunities may present themselves.

As at 31 August 2016 cash balances stood at £116,709 equivalent to 0.34% of net asset value at that date and there was uncertainty around the outcome of certain property sales. Therefore, due to this uncertainty and the level of cash held, the Board of Directors resolved that there should be an orderly wind up of the Company and its subsidiaries. As detailed in recent investor communications, all properties are being marketed for sale. However, there is also the possibility that a proposal will be put to shareholders to re-domicile in Luxembourg as a Reserved Alternative Investment Fund. If this course of action were to take place, VESAF would still dispose of the properties and be wound up. As a result, all properties are available for sale and the financial statements have been prepared on a break up basis.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the Consolidated Financial Statements were:

Karen Haith (Acting Chairman and Independent Non-Executive Director, resigned on 13 July 2016)
 Gunther Gommès (Independent Non-Executive Director, resigned on 5 December 2016)
 Justin Partington (Independent Non-Executive Chairman, resigned on 30 November 2015)
 Kerry-Anne Marais
 James Metcalf
 Edward Kisala (Independent Non-Executive Chairman, appointed on 1 July 2017)

Directors' Fees and Expenses

During the year, the Directors received the following remuneration in the form of fees and expenses:

	31 August 2016	31 August 2015
	£	£
Andrew Henton (former chairman, resigned on 30 June 2015)	-	36,772
Gunther Gommès	127,916	39,993
Kerry-Anne Marais	45,000	39,308
James Metcalf	45,000	32,348
Justin Partington	11,484	2,291
Karen Haith	78,109	7,033
	<u>307,509</u>	<u>157,745</u>

Directors' Interests

The Directors did not hold any shares in the Company during the year ended 31 August 2016 (2015: Nil), and subsequently.

Management

The Property Advisor was appointed to provide all property investment advice to the Company in respect of property assets owned or to be acquired or developed. The Property Advisor is able to draw upon significant UK student accommodation experience and the Directors of the Company believe that the skills, experience and track record gained in the United Kingdom ("UK") are directly transferrable into the targeted European Union ("EU") markets that have been identified.

Corporate Governance

It is the Company's policy to follow best practice on good corporate governance applicable to the Company in line with the Code of Corporate Governance, issued by the GFSC.

Victus European Student Accommodation Fund IC Limited**Directors' Report (continued)****Anti-Bribery and Corruption**

The Company adheres to the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003. In consideration of the UK Bribery Act 2010 which came into force on 1 July 2011, the Board abhors bribery and corruption of any form and expects all the Company's business activities to be undertaken, whether directly by the Directors themselves or on the Company's behalf by third parties, to be transparent, ethical and beyond reproach.

Foreign Account Tax Compliance Act ("FATCA")

FATCA became effective on 1 January 2013. The legislation is aimed at determining the ownership of assets of US persons in foreign accounts and improving US tax compliance with respect to those assets. The States of Guernsey has recently entered into an intergovernmental agreement ("IGA") with US Treasury in order to facilitate the requirements under FATCA and is currently in negotiations with regards to how this is to be implemented and, as a result, the impact this will have on the Company remains unknown. The Board can confirm the Company complies with FATCA's requirements.

Alternative Investment Fund Managers Directive ("AIFMD")

The AIFMD, which was implemented across the EU on 22 July 2013 with the transition period ending 22 July 2014, aims to harmonise the regulation of Alternative Investment Fund Managers ("AIFMs") and imposes obligations on managers who manage or distribute Alternative Investment Funds ("AIFs") in the EU or who market shares in such funds to EU investors.

The Company is classified as a Non-EU Alternative Investment Fund ("Non-EU AIF") under AIFMD. The Company is self managing and therefore also acts as its own AIFM. However, by virtue of its size, the Company is deemed sub-threshold and is therefore exempt from the provisions of the AIFMD.

Independent Auditor

The previous Auditor, BDO Limited, resigned on 10 August 2016 and were subsequently replaced by Saffery Champness on 15 November 2016. Saffery Champness has expressed its willingness to continue in office. A resolution to re-appoint Saffery Champness as Independent Auditor of the Company will be proposed at the next Annual General Meeting.

Secretary

Vistra Fund Services (Guernsey) Limited (formerly Orangefield Legis Fund Services Limited) held the office of Secretary during the year since their appointment, and subsequently resigned with effect from 24 March 2017. They will continue in office until a replacement has been found.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with applicable Guernsey law and generally accepted accounting principles.

Guernsey company law requires the Directors to prepare Financial Statements for each financial period. Under that law, the Directors have elected to prepare the Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and applicable law.

Under Guernsey 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 Group and of the profit or loss of the Group for that year.

In preparing these Consolidated Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the EU have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements; and
- prepare the Consolidated Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008 and The Protection of Investors (Bailiwick of Guernsey) Law, 1987. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all of the steps that he ought to have taken, to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board

K Marais

Director

3 November 2017

Victus European Student Accommodation Fund IC Limited**Independent Auditor's Report
to the Members of Victus European Student Accommodation Fund IC Limited**

We have audited the Consolidated Financial Statements of Victus European Student Accommodation Fund IC Limited for the year ended 31 August 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, the Consolidated Statement of Cash Flows and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (as adopted by the European Union).

This report is made solely to the parent company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is undertaken so that we might state to the parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Directors Responsibilities set out on page 8, the Directors are responsible for the preparation of the Consolidated Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Consolidated Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the United Kingdom Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the Consolidated Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Consolidated Financial Statements sufficient to give reasonable assurance that the Consolidated Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Consolidated Financial Statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited Consolidated Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the Consolidated Financial Statements

In our opinion the Consolidated Financial Statements:

- give a true and fair view;
- are in accordance with International Financial Reporting Standards as adopted by the European Union; and
- are in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Emphasis of Matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 3.3 to the financial statements concerning the group's ability to continue as a going concern. As disclosed in note 3.3 to the financial statements, as at 31 August 2016 the Group's cash balance stood at £116,709 or 0.34% of net assets and there is uncertainty surrounding property sales. As a result the Directors have resolved for an orderly wind-up of the Group's operations. The financial statements have therefore been prepared on a non-going concern basis.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company; or
- the Consolidated Financial Statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Saffery Champness
Chartered Accountants
Date: 3rd November 2017

Victus European Student Accommodation Fund IC Limited
**Consolidated Statement of Comprehensive Income
for the year ended 31 August 2016**

	Notes	31 August 2016 £	31 August 2015 £
Income			
Revenue	4	8,663,114	4,447,817
Property operating costs	11	(3,400,071)	(1,792,372)
Net rental income		5,263,043	2,655,445
Gain/(loss) on foreign exchange		4,115,675	(2,921,606)
(Loss)/gain on forward foreign exchange contracts		(1,107,168)	2,360,879
Revaluation of investment properties			
- completed investment property	16	(10,466,428)	1,619,479
- property under development	17	-	2,819,329
Total income		(2,194,878)	6,533,526
Expenditure			
Administration fees	5	447,022	389,577
Annual management charge	6	831,692	660,654
Financial fees	6	438,224	-
Performance fees	6	-	(20,663)
Custodian's fees	7	32,433	19,124
Directors' fees and expenses	8	307,509	157,745
Property advisor's fees	9	-	12,671
Asset management fees	9	556,010	55,142
Legal and professional fees		4,644,792	837,516
Other expenses	12	612,697	493,027
Total operating expenditure		7,870,379	2,604,793
Operating (loss)/profit		(10,065,257)	3,928,733
Finance expenses	13	(5,521,912)	(2,570,356)
Movement in fair value of interest rate swap	21	(325,341)	(249,687)
(Loss)/profit before tax		(15,912,510)	1,108,690
Tax credit/(expense)	14	275,673	(825,050)
(Loss)/profit for the financial year		(15,636,837)	283,640
Other comprehensive income			
items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences		(383,481)	(1,285,737)
Other comprehensive income for the year		(383,481)	(1,285,737)
Total comprehensive income for the year		(16,020,318)	(1,002,097)
Attributable to:			
Holders of Redeemable Participating Shares		(16,020,318)	(1,002,097)
Earnings per share (basic and diluted)			
GBP - class A (GBP Pence per share)	15	(37.35)	6.98
EUR - class A (GBP Pence per share)		(26.30)	(7.81)
CHF - class A (GBP Pence per share)		(25.07)	5.85
USD - class A (GBP Pence per share)		(24.41)	6.19
GBP - class B (GBP Pence per share)		(38.77)	7.22
EUR - class B (GBP Pence per share)		(27.24)	(8.72)
CHF - class B (GBP Pence per share)		(24.69)	6.18
USD - class B (GBP Pence per share)		(21.74)	4.43

All of the items above for the year ended 31 August 2016 derive from discontinuing operations. The prior year comparative results were based on continuing operations.

The accompanying notes on pages 14 to 36 form an integral part of these Consolidated Financial Statements.

Victus European Student Accommodation Fund IC Limited
**Consolidated Statement of Financial Position
As at 31 August 2016**

	Notes	2016 £	2015 £
Non-current assets			
Completed investment property	16	-	81,711,206
Investment property under development	17	-	37,419,404
Total non-current assets		-	119,130,610
Current assets			
Completed investment property	16	112,155,436	-
Trade and other receivables	18	2,994,164	1,775,439
Cash and cash equivalents		116,709	634,533
Total current assets		115,266,309	2,409,972
Total assets		115,266,309	121,540,582
Equity			
Management Share	23	1	1
Total equity		1	1
Liabilities			
Current liabilities			
Borrowings	19	66,361,148	32,480,716
Trade and other payables	20	13,927,137	14,807,246
Interest rate swap derivative liabilities	21	603,058	-
Deferred tax liabilities	14	829,152	-
Income tax		472,310	218,616
Total current liabilities		82,192,805	47,506,578
Non-current liabilities			
Borrowings	19	-	30,474,342
Interest rate swap derivative liabilities	21	-	277,717
Deferred tax liabilities	14	-	1,358,519
Total non-current liabilities		-	32,110,578
Total liabilities (excluding net assets attributable to holders of Redeemable Participating Shares)		82,192,805	79,617,156
Net assets attributable to holders of Redeemable Participating Shares	24	33,073,503	41,923,425
Net asset value per share			
GBP - class A (GBP per share)	24	0.7516	1.1182
EUR - class A (GBP per share)		0.5350	0.7754
CHF - class A (GBP per share)		0.5065	0.7395
USD - class A (GBP per share)		0.4963	0.7051
GBP - class B (GBP per share)		0.7838	1.1561
EUR - class B (GBP per share)		0.5607	0.8082
CHF - class B (GBP per share)		0.5029	0.7158
USD - class B (GBP per share)		0.4465	0.6298

The Consolidated Financial Statements on pages 10 to 36 were approved and authorised for issue by the Board of Directors on 3 November 2017.

Signed on behalf of the Board

K Marais

E Kisala

Director

Director

The accompanying notes on pages 14 to 36 form an integral part of these Consolidated Financial Statements.

Victus European Student Accommodation Fund IC Limited
**Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares
 for the year ended 31 August 2016**

	Notes	31 August 2016 £	31 August 2015 £
Net assets attributable to holders of Redeemable Participating Shares at the beginning of the year		41,923,425	31,829,777
Proceeds from Redeemable Participating Shares issued	23	14,735,863	22,234,399
Redemption of Redeemable Participating Shares	23	(6,949,583)	(10,539,298)
Issuance costs	23	(615,884)	(599,356)
(Loss)/profit for the financial year attributable to holders of Redeemable Participating Shares		(15,636,837)	283,640
Other comprehensive income for the year attributable to holders of Redeemable Participating Shares		(383,481)	(1,285,737)
Net assets attributable to holders of Redeemable Participating Shares at the end of the year		<u>33,073,503</u>	<u>41,923,425</u>

The accompanying notes on pages 14 to 36 form an integral part of these Consolidated Financial Statements.

Victus European Student Accommodation Fund IC Limited
**Consolidated Statement of Cash Flows
for the year ended 31 August 2016**

	Notes	31 August 2016 £	31 August 2015 £
(Loss)/profit for the financial year		(15,636,837)	283,640
Adjustment for:			
Finance expenses	13	5,521,912	2,570,356
Movement in fair value of interest rate swaps		325,341	249,687
Taxation		(275,673)	825,050
Movement on foreign exchange		(4,115,675)	2,921,606
Movement on forward foreign exchange contracts		1,107,168	(2,360,879)
Deficit/(surplus) on revaluation of investment properties	16,17	10,466,428	(4,438,808)
Operating cash flows before movements in working capital		(2,607,336)	50,652
(Increase)/decrease in trade and other receivables		(1,355,857)	510,533
Increase in trade and other payables		4,463,965	821,339
Taxation paid		-	-
Net cash inflow from operating activities		500,772	1,382,524
Investing activities			
Purchase of investment properties		-	(9,253,642)
Subsequent expenditure on investment properties		(736,902)	(71,357)
Settlement of contracted payments		(10,886,407)	(4,118,771)
Subsequent expenditure on investment properties under development		-	(24,357,045)
Movement on forward foreign exchange contracts		(1,107,168)	2,360,879
Net cash outflow from investing activities		(12,730,477)	(37,800,815)
Financing activities			
Proceeds on issues of shares	23	14,735,863	21,903,299
Payments on redemptions of shares		(5,339,394)	(9,091,579)
Issuance costs paid	23	(615,884)	(599,356)
Interest and arrangement fees paid		(3,588,129)	(5,012,259)
Net increase in borrowings		1,472,307	28,763,201
Net cash inflow from financing activities		6,664,763	35,963,306
Decrease in cash and cash equivalents during the year		(5,564,942)	(454,985)
Cash and cash equivalents at the start of the year		634,533	1,753,127
Exchange differences on cash and cash equivalents		5,047,118	(663,609)
Cash and cash equivalents at the end of the year		116,709	634,533

The accompanying notes on pages 14 to 36 form an integral part of these Consolidated Financial Statements.

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016**
1 CORPORATE INFORMATION

Victus European Student Accommodation Fund IC Limited (the "Company") is an incorporated cell of Victus Capital ICC Limited (the "ICC"). The ICC is a Registered Open-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission. The Company was incorporated on 13 December 2012. The registered office of the Company and the ICC is shown on page 1.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
2.1 Basis of preparation

The Financial Statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") which comprise standards and interpretations issued by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations approved by the International Financial Reporting Interpretation Committee ("IFRIC") that remain in effect and to the extent they have been adopted by the EU and in accordance with the applicable Guernsey law. The Financial Statements have been prepared on the historical cost basis as modified by the revaluation of investment properties and derivative instruments.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board to exercise its judgement in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and underlying assumptions are reviewed on an ongoing basis. Judgements made by the Board in the application of IFRS that have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 3.

2.2 Changes in accounting policies and disclosures
2.2.1 Application of new and revised International Financial Reporting Standards

There were several new standards that were issued during the year and amendments to some existing standards. However, none had a material impact on the financial statements.

2.2.2 New, revised and amended standards not yet adopted

IFRS 9, Financial Instruments - Classification and Measurement (effective for periods commencing 1 January 2018);
IFRS 15, Revenue From Contracts With Customers (effective for period commencing on or after 1 January 2018);
IFRS 16, Leases (effective for period commencing on or after 1 January 2019);
Amendments to IAS 1, Disclosure Initiative (effective for periods commencing on or after 1 January 2016);
Amendments to IAS 7, Disclosure Initiative (effective for periods commencing on or after 1 January 2017);
Annual Improvements 2012-2014 Cycle (effective for periods commencing on or after 1 January 2016);
Annual Improvements 2014-2016 Cycle (effective for periods commencing on or after 1 January 2017 and 1 January 2018).

The Board anticipates that, with the exception of IFRS 9, IFRS 15 and IFRS 16, the adoption of these Standards and amendments in future periods will not have a material impact on the financial statements of the Group. The Board have yet to assess the impact of IFRS 9, IFRS 15 and IFRS 16 on the future financial statements.

2.3 Consolidation

The Consolidated Financial Statements of the Group incorporate the Financial Statements of the Company and the entities controlled by the Company made up to 31 August 2016. Control is achieved where the Company has the power over the investee, exposure or rights to variable returns from its revolvments with the investee and the ability to use its power to affect the amount of the investor's return.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the date control is transferred to/from the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, accounting policies of subsidiaries are changed to ensure consistency of accounting policies across the Group.

Where properties were acquired through a corporate acquisition, consideration was given to whether this represented a business. Where there were no significant assets or liabilities other than property, the acquisition was treated as an asset acquisition.

Details of the subsidiary undertakings which the Company held as at 31 August 2016 are as follows:

Name of subsidiary undertaking	Incorporation Date	Holding	Country of incorporation	Principal activity
Victus (Guernsey) 1 Limited	13-Feb-13	100%	Guernsey	Holding Company
Victus (Guernsey) 2 Limited	13-Feb-13	100%	Guernsey	Holding Company
Victus (Guernsey) 3 Limited	13-Feb-13	100%	Guernsey	Property Investment
Victus (Guernsey) 1 Developments Limited	11-Mar-13	100%	Guernsey	Property Investment
Victus (Guernsey) 2 Developments Limited	11-Mar-13	100%	Guernsey	Property Investment
Victus Holdings (Guernsey) Limited	12-Mar-13	100%	Guernsey	Holding Company
Victus Holdings (Europe) S.à.r.l.	12-Jun-13	100%	Luxembourg	Holding Company
CBC Acquico 1 S.à.r.l.	15-Jul-13	100%	Luxembourg	Property Investment
CBC Acquico 2 S.à.r.l.	15-Jul-13	100%	Luxembourg	Property Investment
Victus (Guernsey) 4 Limited	02-Oct-13	100%	Guernsey	Holding Company
Victus (Guernsey) 4 Developments Limited	02-Oct-13	100%	Guernsey	Property Investment
Victus (Guernsey) 5 Limited	02-Oct-13	100%	Guernsey	Holding Company
Victus (Guernsey) 5 Developments Limited	02-Oct-13	100%	Guernsey	Property Investment
FHC Chambéry S.à.r.l.	28-Apr-14	100%	France	Property Investment
Victus (Guernsey) 6 Limited	18-Jun-14	100%	Guernsey	Holding Company
Victus (Guernsey) 6 Management Company Limited	18-Jun-14	100%	Guernsey	Property Investment
St Lawrence Manco Limited	30-Jul-14	100%	United Kingdom	Management Company
Harbour Court Manco Limited	15-Sep-14	100%	United Kingdom	Management Company
St James Point Manco Limited	15-Sep-14	100%	United Kingdom	Management Company
St James Court Manco Limited	15-Sep-14	100%	United Kingdom	Management Company
FHC Bordeaux SAS	07-Oct-14	100%	France	Property Investment
Victus Holdings (Belgium) SPRL	10-Dec-14	100%	Belgium	Holding Company
Glassworks Manco Limited	30-Jul-15	100%	United Kingdom	Management Company

**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Operating segments

The Directors have considered the requirements of IFRS 8 'Operating Segments'. The Company is not traded in a public manner nor does it file its financial statements with a securities commission, therefore, as a result the Company is outside the scope of IFRS 8.

2.5 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each of the Group entities are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). The Consolidated Financial Statements are presented in Sterling ("£"), (the "presentational currency").

(b) Transactions and balances

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end date, monetary assets and liabilities that are denominated in foreign currencies are revalued at the rates prevailing at the year end date. Non-monetary assets and liabilities carried at fair value which are denominated in foreign currencies are revalued at the rates prevailing at the date when the fair value was determined. Gains and losses arising on revaluation are recognised in the Consolidated Statement of Comprehensive Income.

(c) Foreign exchange on consolidation

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the year end date. Income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly, in which case items of income and expenditure are translated at the rate ruling on the date of the transaction. Exchange differences arising, if any, are recognised as other comprehensive income in the Consolidated Statement of Comprehensive Income and are transferred to the Group's translation reserve. Such translation differences are included in the Consolidated Statement of Comprehensive Income in the period in which the operation is disposed of.

2.6 Income and property operating costs

Income comprises rental revenues. Rental revenues are accounted for on a straight-line basis in the Consolidated Statement of Comprehensive Income. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Direct expenses incurred in relation to completed investment property and property under development ("Property operating costs") are included within income in the Consolidated Statement of Comprehensive Income in order to disclose the net rental income generated by the properties.

Property operating costs comprise property management fees, insurance and operational expenses, see note 11 for further details.

2.7 Expenses

Expenses are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of property are added to the costs of those assets until such times as the assets are substantially ready for their intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowing acquired for the targeted property, or with regard to an acquisition financed out of general borrowings to the average rate. All other borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.9 Finance costs

Finance costs comprise loan interest, loan arrangement fees, debt arrangement fees and contractual exit fees. All finance costs arise on financial liabilities measured at amortised cost using the effective interest rate method.

2.10 Taxation

The Company has applied for and gained tax exempt status in Guernsey. Current tax arising in jurisdictions other than Guernsey is based on taxable profit for the period and is calculated using tax rates that have been enacted or substantially enacted. The Company has subsidiary undertakings in the United Kingdom, Luxembourg, France and Belgium (the Company holds German assets via Luxembourg registered companies).

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other periods or that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the year end date.

Deferred tax is the tax arising on differences on the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income.

2.11 Completed investment property

Properties which are occupied, or are ready to be occupied, are classified as "completed investment property". These properties are held for the long-term, to earn rentals and/or for capital appreciation and are stated at fair value at the period end date. Fair value is determined as the market value as determined by professionally qualified independent external valuers (see note 22 for further details). Gains or losses arising from changes in fair value of investment property are included in the Consolidated Statement of Comprehensive Income for the year in which they arise.

Realised gain or loss on disposal of completed investment properties are recognised in the Consolidated Statement of Comprehensive Income in the year the disposal takes place.

Investment property in the current year is classified as 'held for sale' as a result of the Directors deciding to wind up the Company and sell all of the property assets, as detailed in note 3.3. As a result of the decision made on 8 July 2016 the operations of the Company are deemed to be discontinued and therefore the entire portfolio is regarded as 'held for sale' and the loss for the year is entirely attributable to discontinued operations.

**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Investment property under development

A property that is in the process of being constructed or developed for future use as investment property is classified as "investment property under development" and stated at its fair value as at the year end date. All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure for the development are capitalised as part of the cost.

Fair value is determined by the Directors giving consideration to the anticipated capital expenditure required to complete the development project, compared with the valuation as provided by the Valuation agent (see note 22 for further details). Gains or losses arising from changes in fair value of investment property are included in the Consolidated Statement of Comprehensive Income for the year in which they arise. Further explanation of the use of estimates in arriving at the fair value of investment property under development is detailed in section 3.2 below and note 22. On practical completion of the property, investment property under development is transferred to completed investment property.

2.13 Financial assets

2.13.1 Classification

The Group classifies its financial assets as held for trading and loans and receivables. The classification depends on the nature and purpose for which the financial assets are held and is determined at the time of initial recognition by the Board. The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the assets were acquired.

Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for the transactions. The Group classifies all financial assets as loans and receivables except for derivatives that are held for trading.

(a) Financial assets held for trading

Financial assets held for trading comprises "in the money" financial derivatives.

(b) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise trade and other receivables, rental guarantees and also incorporate other types of contractual monetary assets.

2.13.2 Recognition and measurement

Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial assets is not considered to be material.

"In the money" financial derivatives are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Statement of Comprehensive Income. The fair value of the Group's derivatives are detailed in note 21 and are valued in accordance with note 22.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such impairments directly reduce the carrying amount of the impaired assets and are recognised against the relevant income category in the Consolidated Statement of Comprehensive Income.

Financial assets (in whole or in part) are derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Fair value is defined as the amount for which an asset or liability could be exchanged between knowledgeable willing parties in an arm's length transaction.

Gains or losses arising from changes in the fair value of the interest rate swap derivative liabilities are presented in the Consolidated Statement of Comprehensive Income in the year in which they arise.

2.14 Financial liabilities

Financial liabilities consist of trade and other payables, borrowings, interest rate swaps, forward foreign exchange contracts and Redeemable Participating Shares. The Group classifies its financial liabilities as financial liabilities at fair value held for trading or financial liabilities measured at amortised cost depending on the purpose for which the liability was issued and its characteristics. All financial liabilities are initially recognised at fair value net of transaction costs incurred except for financial liabilities held for trading which are initially recognised at fair value.

Although the Group uses derivative instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions. All purchases of financial liabilities are recorded on the trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability.

2.14.1 Financial liabilities held for trading

This category comprises only "out of the money" financial derivatives. They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Statement of Comprehensive Income. The fair value of the Group's derivatives are detailed in note 21 and are valued in accordance with note 22.

2.14.2 Financial liabilities measured at amortised cost

These include trade and other payables and borrowings. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Borrowings are initially recognised at fair value net of attributable transaction costs incurred. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
2.14 Financial liabilities (continued)
2.14.3 Redeemable Participating Shares

In accordance with the revised IAS 32, Redeemable Participating Shares are required to be shown as liabilities rather than as part of Shareholders' funds, owing to the fact that holders of Redeemable Participating Shares are entitled on each dealing day to request a redemption of their holdings and that they are not the most subordinated share class, this being the Management Share.

The liabilities arising from the Redeemable Participating Shares are carried at the redemption amount, being the net asset value calculated in accordance with IFRS.

The Company issues shares at the net asset value of the existing Redeemable Participating Shares. The holder of Redeemable Participating Shares can redeem them, in accordance with redemption requirements as set out in the Information Memorandum, for cash equal to the Company's net asset value per Redeemable Participating Share.

The Company's net asset value per Redeemable Participating Share is calculated by dividing the net assets attributable to Redeemable Participating Shareholders (calculated in accordance with redemption requirements as set out in the Information Memorandum) by the number of shares in issue.

Incremental costs directly attributable to the issue of new Redeemable Participating Shares are shown in share premium as a deduction from the proceeds. See note 23 for further details.

2.14.4 Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Consolidated Statement of Comprehensive Income.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand, deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.16 Management Share

The Management Share is non-redeemable and classified as equity.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision only affects that year, or in the year of the revision and future years if the revision affects both current and future years. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 Completed investment property

The gross property value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Transaction costs normally borne by the seller are not deducted in arriving at gross property value, in accordance with IAS 40. The fair value is calculated by deducting the costs normally borne by the purchaser from the gross property value. Fair value is not intended to represent the liquidation value of the property, which would be dependant upon the price negotiated at the time of sale less any associated selling costs. The fair value is largely based on estimates using property appraisal techniques and other valuation methods as outlined below. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

The Group's valuers derive the fair value by applying the methodology and valuation guidelines as set out by the Royal Institution of Chartered Surveyors in the United Kingdom in accordance with IFRS. The method used was the investment method and the key assumptions driving the valuations include rental income, operating expenditure, occupancy and investment yields. See note 22 for more details on these assumptions. The value given by the Group's valuers has been adjusted for an estimation of costs to sell as a result of the financial statements being prepared on a break up basis. As at 31 August 2016 the carrying amount of completed investment property is £112,155,436 (2015: £81,711,206).

3.2 Investment property under development

In arriving at the carrying value of such developments, the Directors would have given consideration to the anticipated capital expenditure required to complete the development project, compared with the valuation as provided by the Valuation agent. Existing development projects were subject to a Development Management and Advisory Services Agreement (the "Development Agreement") whereby Crosslane Property Advisor (Guernsey) Limited ("CPA(G)L") would co-ordinate and oversee the detailed design, development and negotiating of the building contract with the building contractor and developer. In return for these services, CPA(G)L were to be remunerated by way of a Land Development Management Fee (the "LDMF") whereby they shall receive a fee equal to an agreed percentage (ranges between 95% and 99%) of the Open Market Value of the Property at Practical Completion ("PC") less development costs, initial land valuation, developer's fee as well as an agreed return of 12% to the Group for amounts paid towards development costs from the Group's own equity. In this regard, any anticipated LDMF payable upon PC had been considered by the Directors in arriving at their valuation of investment properties under development, such LDMF is accrued on a basis that represents the stage of completion. Investment property under development was valued using a recognised valuation technique to reflect the stage reached in construction and the costs already incurred. See note 22 for more detail on these assumptions. As at 31 August 2016 the carrying amount of investment property under development is £Nil (2015: £37,419,404).

3.3 Break up basis

The Board conducts regular assessments of Victus European Student Accommodation Fund's ("VESAF") operational and financial risks with reference to cash flow requirements, the debt position and the liquidity of its investments. Recognising that property investments are relatively illiquid, the policy of the Board is to maintain, where possible, cash balances to 10% of the net asset value as a contingency to meet ongoing and ad-hoc obligations. The Board also maintains an ongoing dialogue with property agents so that it is able to identify and act upon attractive opportunities to sell assets at above carrying value as and when those opportunities may present themselves.

As at 31 August 2016 cash balances stood at £116,709 equivalent to 0.34% of net asset value at that date and there is still uncertainty around the outcome of certain property sales. Therefore, due to this uncertainty and the level of cash held, the Board of Directors resolved that there should be an orderly wind up of the Company and its subsidiaries. As detailed in recent investor communications, all properties are being marketed for sale. However, there is also the possibility that a proposal will be put to shareholders to re-domicile in Luxembourg as a Reserved Alternative Investment Fund. If this course of action were to take place, VESAF would still dispose of the properties and be wound up. As a result, all properties are available for sale and the financial statements have been prepared on a break up basis.

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
4 OPERATING LEASE REVENUE

Revenue consists of rental income. The Group accounts for its tenancy contracts offered to individual student tenants as operating leases. The renting of student accommodation is short-term with contracts lasting for a period of less than 12 months.

	1 year from 31 August 2016	1 year from 31 August 2015
	£	£
Future minimum lease payments from operating leases	<u>7,075,266</u>	<u>8,070,494</u>
	2016	2015
	£	£
Revenue from operating leases	<u>8,663,114</u>	<u>4,447,817</u>
	2016	2015
	£	£
Revenue from operating leases due at the year end	<u>939,646</u>	<u>190,998</u>

5 ADMINISTRATION FEES

Vistra Fund Services (Guernsey) Limited has been appointed as administrator, secretary and registrar of the Company (the "Administrator"). In respect of its duties as the administrator, secretary and registrar of the Company, the administrator receives an annual fee calculated and accrued as at each relevant Dealing Day, being the second business day of each calendar month, and payable by the Company in arrears on or before the fifteenth business day in the month following the relevant Dealing Day. The fee is based on the Gross Net Asset Value less any fees (except for the Performance Fee), due at the relevant valuation point (the "Preliminary Net Asset Value") of the Notional Shares used for the allocation of shares classes into the participating portfolio, at the following rates, and is subject to a minimum fee of £35,000 per annum plus disbursements:

- 0.11% per annum of the Preliminary Net Asset Value up to £100,000,000;
- 0.085% per annum of the Preliminary Net Asset Value amount in excess of £100,000,000 and up to £250,000,000;
- 0.05% per annum for the amount of Preliminary Net Asset Value amount in excess of £250,000,000 will apply.

In addition to the fees detailed above, the Administrator receives a set administration fee of £5,000 per annum for each active Share Class of the Company which is not payable until the first shares have been issued in respect of each Share Class.

The fees are allocated pro-rata between all active classes based on the proportion that the Net Asset Value ("NAV") of the Class represents to the NAV of the Company.

The Administrator is entitled to receive a property transaction fee of £2,000 per transaction in respect of every acquisition of property by the Company or any subsidiary. The Administrator is also entitled to receive an additional one-off fee of £2,000 in respect of each subsidiary established to hold property assets of the Company, payable at the date of incorporation and an annual fee of £3,000 per annum in respect of each subsidiary thereafter. Also, fees charged in relation to the 2015 audit were charged on a time-spent basis in accordance with an amendment to the original agreement as detailed in this note.

For the year ended 31 August 2016, Administration fees totalling £447,022 (2015: £389,577) were charged of which £317,714 (2015: £33,034) is outstanding at the year end.

6 PROMOTER'S FEES
Annual Management Charge

The Promoter receives an Annual Management Charge of 1.5% of the NAV per annum, calculated at a rate of 0.125% of the NAV per month, this is charged to the Company and is payable monthly in arrears. For the year ended 31 August 2016, the Promoter was entitled to an annual management charge of £831,692 (2015: £660,654) of which £509,956 is outstanding at the year end (2015: £121,328).

Performance Fee

The Promoter is entitled to a performance fee of 20% of the amount by which the Preliminary Net Asset Value per Notional Share exceeds both, (i) the High Water Mark and (ii) the Hurdle. The Performance Fee charged at the Participating Portfolio level is reflected in the NAV. This method of calculation ensures that (1) any Performance Fee paid to the Promoter is charged only if the management of the core objectives of the Company has resulted in an appreciation in value, and (2) the gain or loss of Share Class hedging is not considered as an over or under performance.

The Performance Fee is calculated on each Dealing Day falling in the respective Financial Year (a "Performance Period"). The Performance Fee is deemed to accrue at each Valuation Point. Pursuant to the Information Memorandum, the Valuation Point is midnight in Guernsey on the last Business Day of each calendar month or such other time as the Directors may determine.

The high water mark ("High Water Mark" or "HWM") for each Performance Period is:

- in respect of the first Performance Period, and the second Performance Period if no Performance Fee was due in the first Performance Period, the Initial Subscription Price of the Notional Share; and
- once a Performance Fee is paid, the NAV of the Notional Share on the last Valuation Day of the Performance Period in respect of which a Performance Fee was last paid; and
- after two consecutive Performance Periods without a Performance Fee crystallisation, the higher of the average NAV of the Notional Share over the past two Performance Periods or the initial Subscription Price of the Notional Shares.

The Hurdle is determined by reference to the following formula: High Water Mark multiplied by 1 plus the Hurdle Rate and where there is no positive performance in the first year of a performance period, this may be extended to two years with compounding being applied in the second year.

The Hurdle Rate ("Hurdle Rate"), expressed as a percentage, for each Performance Period is 10%.

If the Promoter Agreement is terminated during a Performance Period, the Performance Fee in respect of the then current Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period.

For the year ended 31 August 2016, the Promoter was entitled to a performance fee totalling £Nil (2015: credit of £20,663) of which £Nil is outstanding at the year end (2015: £Nil).

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
6 PROMOTER'S FEES (continued)
Debt Arrangement Fee

The Promoter will receive a debt arrangement fee of an amount equal to 1.5% of any debt agreed to be lent to the Group to complete an acquisition or to fund any development costs or fee in relation to any property investments held or to be acquired by the Group. The fee shall be payable as soon as monies are drawn down from a lender. The debt arrangement fee is amortised over the term of the relevant loan and is capitalised against property whilst the property is under development. When the property is completed or is in relation to a completed property the amount is released to the Consolidated Statements of Comprehensive Income. No debt arrangement fees were incurred in the current year (2015: £794,781).

Equity Arrangement Fee

The Promoter is entitled to receive an equity arrangement fee equal to 3% of the equity provided by the Company towards any development costs incurred under a Development Management Agreement or the purchase of land that is not funded by Debt Finance provided that the Company receives a rate of return thereon at a rate that is set out in the relevant heads of terms or as otherwise agreed between the Company and the Promoter. The equity arrangement fees are capitalised against property in the period that they are incurred and are excluded from the LDMF calculation. No equity arrangement fees were incurred in the current year (2015: £Nil).

Financial Fee

The Promoter will be reimbursed for its reasonable actual costs incurred by it in providing financial performance data to the Administrator or the Company as they shall request. For the year ended 31 August 2016 the Promoter was entitled to a Financial fee of £438,224 (2015: £Nil) of which £438,224 is outstanding at the year end (2015: £Nil). The fee accrued in the current year relates to a forty two month period dating back to March 2013.

Sales and Marketing Allowance

The Promoter will be entitled to receive an initial sales and marketing allowance calculated as 5% of the gross amount invested by subscribers in A Shares. The sales and marketing allowance is offset against share premium in the period the allowance is incurred. No sales and marketing allowance charges were incurred in the current year (2015: £495,433).

7 CUSTODIAN'S FEES

The Custodian's fee is 0.03% of the NAV of the Company, calculated and accrued as at each Dealing Day, subject to a minimum fee of £10,000 per annum and transaction fees of £30 per transaction. The Custodian also charged an initial set up fee of £5,000. The agreement was amended on 1 March 2015 such that the Custody fee is subject to a minimum of £20,000 per annum, with other terms unchanged. The Custodian officially served a termination notice during the year and the Company is looking for an alternative custodian.

For the year ended 31 August 2016, the Custodian was entitled to fees totalling £32,433 (2015: £19,124) of which £5,402 is outstanding at the year end (2015: £5,041).

8 DIRECTORS' FEES AND EXPENSES

Each Director of the Company was entitled to receive, out of the assets of the Company, a fee of £15,000 per annum, plus £2,500 per annum for each property holding SPV, with the Chairman receiving an additional £5,000 (capped at a total of £50,000 per Director per annum). In addition, a daily fee of £750 would be paid for any days worked resulting from exceptional travel or work in relation to the Company. The aggregate remuneration payable to the Directors, exclusive of any exceptional daily fee as referred to above, from the Company in respect of each financial year shall not exceed £250,000. Effective from 1 September 2015, each Director of the Company is entitled to receive, out of the assets of the Company, a fee of £45,000 per annum with the Chairman receiving an additional £5,000. Furthermore, £5,000 per annum for the Audit Committee Chairman and an additional £3,000 per annum for any audit committee member other than the Chairman (capped at a total of £50,000 per Director per annum). In addition, a daily fee of £750 will be paid for any days worked resulting from exceptional travel or work in relation to the Company. The aggregate remuneration payable to the Directors, exclusive of any exceptional daily fee as referred to above, from the Company in respect of each financial year shall not exceed £250,000.

For the year ended 31 August 2016, total Directors fees and expenses is £307,509 (2015: £157,745) of which £44,813 is outstanding at the year end (2015: £108,172).

9 PROPERTY ADVISOR'S FEES

Crosslane Property Advisor (Guernsey) Limited (the "Property Advisor") provides property services to the Company on every transaction and makes recommendations to the Company in line with the Company's objectives. In return, the Property Advisor will receive a transactional fee of 1% of the acquisition price and 2% of the disposal price of each property asset. The additional 1% disposal fee is capped at a maximum of £800,000, after which the fee reverts to 1%. Where the Company acquires land, the Property Advisor will receive a fee of 2% of the land purchase price. Where the Company enters into a forward purchase agreement with a vendor the Property Advisor receives a fee of 3% of any loan amount also entered into pursuant to those agreements.

The agreements entered into by the Company and the Property Advisor will include a Development Management Fee for the Property Advisor of 10% of defined development costs and professional fees. In addition, there will be an average profit due to the Property Advisor, where the increase in value after all costs is shared equally between the Property Advisor and the Company. In the case where the Company acquires land and enters into a land Development Management Agreement to develop that land, the Property Advisor will receive a Land Development Management Fee which is equivalent to the residual amount of increased value of the Property Investment after the Company has taken into consideration the purchase of the land, all development costs including fees and an agreed return to the Company. Such LDMF is accrued on a basis that represents the stage of completion and capitalised as part of property costs, see note 20 for amounts accrued as at 31 August 2016.

On 1 July 2015, Crosslane Property Advisor (Guernsey) Limited (the "Asset Manager") and the Company entered into a new agreement for the provision of asset management services and to make recommendations to the Company in line with the Company's objectives. This agreement is effective as from 1 July 2015 and will continue for an initial period of 5 years and thereafter unless and until terminated by either the Company or the Asset Manager. The annual management fee will be £250 (or any equivalent in any other agreed currency) per room for all the assets under management.

For the year ended 31 August 2016, the Asset Manager/Property Advisor was entitled to fees totalling £556,010* (2015: £67,813) of which £246,555 (2015: £55,142) is outstanding at the year end. The Property Advisor was also entitled to LDMF fees totalling £4,610,000* (2015: £8,077,700) of which £1,483,409 (2015: £6,071,406) is outstanding at the year end. See note 27 for total amounts incurred in the current and preceding year.

* The asset management/property advisory fees as disclosed above include amounts of irrecoverable VAT. LDMF fees are stated exclusive of VAT as these are recoverable by the Company.

10 PROPERTY MANAGEMENT FEES

In consideration of its services under its Property Management Agreement, Prime Student Living Limited (the "Property Manager") will receive 6.25% of the total annual rent and other income received in respect of each Property. In the case where its services are required ahead of a completion of an acquisition the Property Manager will receive a fixed mobilisation fee of £10,000. In addition, a daily fee of £500 will be paid to attend meetings at the Company's request.

For the year ended 31 August 2016, the property manager was entitled to fees totalling £545,553 (2015: £305,753) of which £Nil is outstanding at the year end (2015: £58,600). See note 27 for total amounts incurred in the current and preceding year.

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
11 PROPERTY OPERATING COSTS

	2016 £	2015 £
Property management fees	545,553	308,473
Operational expenses	2,618,010	1,295,263
Insurance costs	236,508	188,636
	<u>3,400,071</u>	<u>1,792,372</u>

Operational expenses comprise electricity, repairs and servicing, security, broadband, maintenance and cleaning.

12 OTHER EXPENSES

	2016 £	2015 £
Advertising expenses	219,951	202,185
Audit fees	152,166	75,000
Bank charges	22,007	26,487
Listing fees	29,097	12,091
Travel expenses	294	23,948
Valuation agent fees	46,800	54,250
Miscellaneous expenses	142,382	99,066
	<u>612,697</u>	<u>493,027</u>

The Group has no employees. The Directors are the only key personnel of the Group, details of the amounts the Directors received in the form of remuneration are disclosed in note 8.

13 FINANCE EXPENSES

	2016 £	2015 £
Loan interest on external borrowings	4,926,701	1,940,412
Loan arrangement fees	-	230,793
Debt arrangement fees	266,000	99,187
Penalty interest	329,211	299,964
	<u>5,521,912</u>	<u>2,570,356</u>

The above finance expenses arise on financial liabilities measured at amortised cost using the effective interest rate method. In accordance with the Group's accounting policies certain borrowing costs have been capitalised (see note 17). The penalty interest arose due to delayed payment on acquisition of FHC Chambery S.à.r.l.

14 TAX (CREDIT)/EXPENSE

Victus European Student Accommodation Fund IC Limited is an open-ended investment scheme and is therefore exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance (Amendment), 1989. As such, the Company is only liable to Guernsey tax paying a fixed annual fee of £1,200. The Group is liable to foreign tax arising in the overseas activities including Luxembourg, Belgium and the United Kingdom.

The tax charge for the year comprises:

	2016 £	2015 £
Current tax:		
Luxembourg taxation - at Luxembourg's statutory income tax rate of 29.22% (2015: 29.22%)	128,584	155,697
Belgium taxation - at Belgium's statutory income tax rate of 33.99% (2015: n/a)	32,834	-
United Kingdom taxation - at United Kingdom's statutory income tax rate of 20% (2015: 20%)	92,276	36,467
	<u>253,694</u>	<u>192,164</u>
Deferred tax:		
Taxable temporary differences on recognition of future disposals of properties at fair value	(529,367)	632,886
Income tax (credit)/expense reported in the Consolidated Statement of Comprehensive Income	<u>(275,673)</u>	<u>825,050</u>
(Loss)/profit for the year before tax	<u>(15,912,510)</u>	<u>1,108,690</u>
(Loss)/profit on ordinary activities at applicable tax rate	(3,410,319)	638,032
Non-deductible expenses/income not taxable	1,873,515	(908,890)
Carried forward tax losses	1,404,232	460,414
Capital allowances and timing differences	386,266	2,608
Current year tax charge	<u>253,694</u>	<u>192,164</u>
Deferred tax	<u>(529,367)</u>	<u>632,886</u>
Income tax recognised in the Consolidated Statement of Comprehensive Income	<u>(275,673)</u>	<u>825,050</u>

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
14 TAX (CREDIT)/EXPENSE (continued)

Deferred taxation	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2016 £	2015 £	2016 £	2015 £
Deferred tax liability				
Revaluation of investment property to fair value	829,152	1,358,519	(529,367)	632,886
	829,152	1,358,519	(529,367)	632,886

15 EARNINGS PER SHARE (BASIC AND DILUTED)

The basic and diluted profits per Redeemable Participating Share for the Company are based on the profit for the year and on the total weighted average number of shares in issue for that year. Profit is attributable to the share classes after deducting share class specific expenditure and deducting the remaining expenses on a weighted average basis.

	Profit for the year (Currency)	Loss for the year £	Weighted average number of shares in issue	Earnings per share (Currency)	Earnings per share £ (pence)
Year ended 31 August 2016					
GBP - Class A	(3,114,593)	(3,114,593)	8,339,565	(37.35)	(37.35)
EUR - Class A	(7,462,755)	(5,741,906)	21,836,039	(34.18)	(26.30)
CHF - Class A	(664,375)	(468,463)	1,868,302	(35.56)	(25.07)
USD - Class A	(3,347,145)	(2,319,413)	9,501,595	(35.23)	(24.41)
GBP - Class B	(1,736,277)	(1,736,277)	4,478,071	(38.77)	(38.77)
EUR - Class B	(727,808)	(559,981)	2,055,573	(35.41)	(27.24)
CHF - Class B	(83,658)	(58,989)	238,882	(35.02)	(24.69)
USD - Class B	(2,362,664)	(1,637,214)	7,529,391	(31.38)	(21.74)
		(15,636,836)			

	Profit for the year (Currency)	Profit for the year £	Weighted average number of shares in issue	Earnings per share (Currency)	Earnings per share £ (pence)
Year ended 31 August 2015					
GBP - Class A	555,651	555,651	7,965,442	6.98	6.98
EUR - Class A	(1,754,143)	(1,312,170)	16,795,540	(10.44)	(7.81)
CHF - Class A	224,067	151,341	2,588,916	8.65	5.85
USD - Class A	683,658	449,117	7,258,987	9.42	6.19
GBP - Class B	339,870	339,870	4,710,215	7.22	7.22
EUR - Class B	(140,430)	(106,218)	1,217,879	(11.53)	(8.72)
CHF - Class B	50,379	34,027	550,760	9.15	6.18
USD - Class B	261,856	172,022	3,882,936	6.74	4.43
		283,640			

Subsequent to the year end no further shares have been issued as the Fund continues to be suspended from trading.

16 COMPLETED INVESTMENT PROPERTY

	2016 £	2015 £
Opening balance	81,711,206	44,706,436
Acquired	-	8,518,196
Subsequent expenditure	(604,717)	(92,650)
(Deficit)/surplus on revaluation	(10,466,432)	1,619,479
Exchange differences on translation of foreign currencies	4,095,975	(1,679,842)
Transfers from investment property under development	37,419,404	28,639,587
Closing balance	112,155,436	81,711,206

Subsequent expenditure is negative as a result of certain creditors provided for prior to the transfer to completed investment property in the prior year, having been finalised at a lower amount than previously included.

The Directors have engaged Savills (UK) Limited, Chartered Surveyors, as valuers of the investment properties. The properties' fair value have been based on these valuations.

As at the year ended 31 August 2016, £112,155,436 (2015: £Nil) of the completed investment property is deemed to be available for sale. As detailed in note 2.11 the Directors have decided to wind up the Company and therefore all of the assets are for sale. See note 29 for details of the properties sold post year end.

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
16 COMPLETED INVESTMENT PROPERTY (continued)

As at 31 August 2016 the Group owned the following completed investment property:

- Student housing accommodation at Keiller Court, 66 Horsewater Wynd, Dundee, Scotland, United Kingdom (Victus (Guernsey) 3 Limited).
- Student housing accommodation at Pitt Street, Newcastle, England, United Kingdom (Victus (Guernsey) 1 Development Limited).
- Student housing accommodation at 10 Anchor Road, Bristol, England, United Kingdom (Victus (Guernsey) 2 Development Limited).
- Student housing accommodation at Vauxhall Road, Liverpool, England, United Kingdom (Victus (Guernsey) 4 Development Limited).
- Student housing accommodation at St Lawrence, Bristol, England, United Kingdom (Victus (Guernsey) 6 Development Limited).
- Student housing accommodation at Pitt Street, Newcastle, England, United Kingdom (Victus (Guernsey) 5 Development Limited).
- Student housing accommodation at 105/106 Eichenstrasse, 26131 Oldenburg, Germany (CBC Acquico 1 S.à.r.l.).
- Student housing accommodation at 29/31 Martinsburg, D-49078 Osnabrück, Germany (CBC Acquico 2 S.à.r.l.).
- Student housing accommodation at 73370 Le Bourget-du-Lac, Chambéry, France (FHC Chambéry S.à.r.l.).
- Student housing accommodation at 25 Rue Jean Fleuret, 33000 Bordeaux, France (FHC Bordeaux SAS).

For further details regarding the security held against Investment Property in respect of borrowing facilities of the Group see note 19. The properties held by FHC Chambéry S.à.r.l. and FHC Bordeaux SAS are the only assets above which are not secured. The fair value of the property held by FHC Chambéry S.à.r.l. as at 31 August 2016 is £7,884,647 (2015: £7,116,118). The fair value of the property at FHC Bordeaux SAS as at 31 August 2016 is £8,889,960 (2015: £8,235,508).

Refer to note 29 for details of property transactions subsequent to the year end.

17 INVESTMENT PROPERTY UNDER DEVELOPMENT

	2016 £	2015 £
Opening balance	37,419,404	30,929,290
Subsequent expenditure	-	28,975,256
Borrowing costs capitalised	-	3,335,116
Surplus on revaluation	-	2,819,329
Transfers to completed investment property	(37,419,404)	(28,639,587)
Closing balance	-	37,419,404

The Directors have engaged Savills (UK) Limited, Chartered Surveyors, as valuers of the investment properties under development. The Directors have determined the fair value of the investment property under development with reference to the valuer's valuation at the year end date as detailed in note 22. Whilst properties were in the development stage all borrowing costs were capitalised. Interest charges were expensed upon the change in classification to completed investment property.

As at 31 August 2016 none of the properties were classified as Development Properties. As at 31 August 2015 the following were held as Development Property:

- Student housing accommodation at Vauxhall Road, Liverpool, England, United Kingdom (Victus (Guernsey) 4 Development Limited).
- Student housing accommodation at St Lawrence, Bristol, England, United Kingdom (Victus (Guernsey) 6 Development Limited).

For further details regarding the security held against investment property in respect of borrowing facilities of the Group see note 19.

18 TRADE AND OTHER RECEIVABLES

	2016 £	2015 £
VAT receivable	123,678	277,127
Third party deposit accounts	939,506	782,895
Other receivables	616,723	297,863
Prepayments	374,611	226,556
Accrued income	939,646	190,998
	2,994,164	1,775,439

The third party deposit accounts consist of monies held by third parties on behalf of the Group towards contractual development costs and property management income and expenditure. Included within accrued income is £768,819 (2015: £Nil) relating to rent guarantees for the investment properties at Vauxhall Road, Liverpool and St Lawrence, Bristol.

The Directors have assessed that none of the receivables are past due, renegotiated or impaired and as such all of the receivables are expected to be recovered.

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**

19 BORROWINGS	2016 £	2016 £	2016 £	2016 £
Lender	Loan Principal	Accrued Interest	Impact of net effective interest calculation	Carrying amount
Non-current Portion				
Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft	-	-	-	-
Macquarie Bank Limited	-	-	-	-
Allied Irish Banks	-	-	-	-
National Westminster Bank p.l.c.	-	-	-	-
	-	-	-	-
Current Portion				
Allied Irish Banks	25,666,200	82,592	-	25,748,792
Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft	6,125,475	19,171	-	6,144,646
Macquarie Bank Limited	20,350,072	563,722	45,021	20,958,815
National Westminster Bank p.l.c.	3,241,525	15,353	(21,275)	3,235,603
Titlestone Property Lending Limited	10,123,293	-	149,999	10,273,292
	65,506,565	680,838	173,745	66,361,148
Total loans payable	65,506,565	680,838	173,745	66,361,148
	2015 £	2015 £	2015 £	2015 £
Lender	Loan Principal	Accrued Interest	Impact of net effective interest calculation	Carrying amount
Non-current Portion				
Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft	4,914,026	-	(130,389)	4,783,637
Macquarie Bank Limited	23,350,000	-	(350,368)	22,999,632
National Westminster Bank p.l.c.	2,728,357	-	(37,284)	2,691,073
	30,992,383	-	(518,041)	30,474,342
Current Portion				
AREO S.à.r.l	10,375,517	939,400	175,375	11,490,292
Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft	110,259	24,521	(56,018)	78,762
Macquarie Bank Limited	800,000	484,631	(192,492)	1,092,139
National Westminster Bank p.l.c.	155,774	16,037	(22,422)	149,389
Titlestone Property Lending Limited	18,218,436	1,150,032	301,666	19,670,134
	29,659,986	2,614,621	206,109	32,480,716
Total loans payable	60,652,369	2,614,621	(311,932)	62,955,058

AREO S.à.r.l

On 31 July 2014, Victus (Guernsey) 6 Management Company Limited agreed a loan facility with AREO S.à.r.l of £10,650,000 with Victus Holdings (Guernsey) Limited as guarantor for the purpose of financing the acquisition of St Lawrence House, Broad Street, Bristol, BS1 2HF and the cost of development thereof. The loan facility bore interest at a fixed rate of 12.00% per annum payable on maturity of the loan, being 31 December 2015. Prior to the maturity dates of the development loans, the Board agreed with AREO S.à.r.l to extend the loan facility beyond the repayment date, until a new investment loan was agreed. The loan was settled, in full, when Victus Holdings (Guernsey) Limited and Victus (Guernsey) 6 Management Company Limited entered into a refinancing agreement with Allied Irish Banks on 18 February 2016. As at 31 August 2016 the outstanding principal and accrued interest was £Nil (2015: £11,314,917). The loan was secured on all assets of Victus (Guernsey) 6 Management Company Limited. The fair value of the assets secured against this facility in the prior year was £18,867,883.

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
19 BORROWINGS (continued)
National Westminster Bank p.l.c

On 1 May 2013, Victus (Guernsey) 3 Limited had fully drawn down upon a loan facility of £3,200,000. The loan originally applied interest at a variable rate of 4.25% plus a variable LIBOR rate per annum. The Group subsequently entered into an amortising LIBOR interest rate swap arrangement with Royal Bank of Scotland Group Plc covering the 5 year term of the loan such that the interest payable upon the loan would effectively be fixed at 6.04% (see note 21 for further details). The loan and interest is payable in quarterly instalments, the amount of which is calculated based on a repayment period of 15 years, however as the loan matures on 1 May 2018 a balloon payment of the remaining interest will fall due along with the remaining loan principal.

On 15 September 2015, Victus (Guernsey) 3 Limited had also fully drawn upon a loan facility of £500,000. The loan applied interest at a variable rate of 3% per annum above the Bank of England Base Rate. The loan is repayable within 32 months of the draw date (15 May 2018) via monthly instalments. The following covenants apply (all of which have been met):

* Gross rental income to interest payable must be at least 1.7 times for each consecutive twelve month period, starting with the period ended 31 December 2015.

* Bank borrowings must not exceed 65% of the property value.

As at 31 August 2016 the total outstanding principal and accrued interest was £3,256,878 (2015: £2,900,168). The loans are secured over the associated property as well as the entire issued share capital of the borrower. The fair value of the property secured as at the 31 August 2016 is £5,118,750 (2015: £6,050,000).

Macquarie Bank Limited

On 14 November 2014, Victus (Guernsey) 1 Developments Limited agreed a four year term loan with Macquarie Bank Limited for £15,100,000 with interest charged at 4.55% + LIBOR. The Group subsequently entered into amortising LIBOR interest rate swap arrangements with Macquarie Bank Limited covering the 4 year term of the loan such that the interest payable upon the loan would effectively be fixed at 5.96% (see note 21 for further details). On 31 March 2016, £600,000 of former debt was repaid with funds received from the parent company. The remainder of debt will be repaid over the term to maturity and interest will be charged at the amended rate of 6.55% plus LIBOR. The loan and interest is payable in quarterly instalments the amount of which is calculated based on a repayment period of 4 years, however as the loan matures on 13 November 2018 or earlier, a balloon payment of the remaining interest will fall due along with the remaining loan principal.

As at 31 August 2016 the outstanding principal and accrued interest was £12,799,831 (2015: £15,060,038). The fair value of the property secured against this facility as at 31 August 2016 is £15,599,844 (2015: £21,800,000).

On 14 November 2014, Victus (Guernsey) 2 Developments Limited agreed a four year term loan with Macquarie Bank Limited for £9,600,000 with interest charged at 4.55% + LIBOR. On 31 March 2016, £1,400,000 of latter debt was repaid with funds received from the parent company. The remainder of debt will be repaid over the term to maturity and interest will be charged at the amended rate of 6.55% plus LIBOR.

Both Macquarie Bank loans were subject to the following covenants (covenants were breached in the year leading to the loan termination):

* Interest cover must be maintained above thresholds at testing dates ranging from 121% in year one, increasing to 152% on termination.

* Loan to value must not exceed 82% in year one, decreasing to 76.75% on termination.

* Contracted rent must not fall below £3,394,000 in year one, increasing to £3,549,032 on termination.

As at 31 August 2016 the outstanding principal and accrued interest was £8,113,963 (2015: £9,574,593). The fair value of the property secured against this facility as at 31 August 2016 is £10,725,000 (2015: £13,200,000). The loan was settled, in full, when Victus (Guernsey) 2 Developments Limited entered into a refinancing agreement with National Westminster Bank p.l.c. on 13 December 2016.

Titlestone Property Lending Limited ("Titlestone")

On 28 February 2014, Victus (Guernsey) 4 Developments Limited agreed a development loan facility with Titlestone of £12,000,000. As at 31 August 2016 the outstanding principal and accrued interest was £Nil (2015: £10,313,744). The loan facility accrued interest daily at a fixed rate of 11.5% per annum which was fixed for the term of the loan which expired 18 January 2016. Monthly interest payments could be capitalised up to a maximum of £1,131,000 and, once fully utilised, on-going interest payments could be made in accordance with the loan agreement. The loan was secured on the associated property and in the event of a sale 100% of the net proceeds would be held as security. This debt was repaid with Allied Irish Banks finance on 18 February 2016.

On 16 October 2014, Victus (Guernsey) 5 Developments Limited agreed a development loan facility with Titlestone of £10,000,000. As at 31 August 2016 the outstanding principal and accrued interest was £10,273,292 (2015: £9,054,724). The loan facility accrues interest daily at a fixed rate of 11.5% per annum which is fixed for the term of the loan which initially expired on 31 October 2015. Prior to the maturity dates of this loan, the Board agreed with Titlestone to extend the loan facility beyond the repayment date to 31 May 2016 and then again to 31 August 2016. Monthly interest payments shall be capitalised up to a maximum of £1,131,000 and, once fully utilised, on-going interest payments shall be made in accordance with the loan agreement. The loan is secured on the associated property and in the event of a sale 100% of the net proceeds would be held as security. The fair value of the property secured against this facility as at the 31 August 2016 is £18,525,156 (2015: £16,194,553). The loan was settled, in full, shortly after the property was sold on 5 October 2016.

Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft ("DG Hyp")

On 29 January 2014, CBC AcquiCo1 S.à.r.l. entered into a Euro loan agreement with DG Hyp of €2,779,000. The granted loan is required for the acquisition of the property "Hernamm-Ehlers-Saus" located at Echenstraße 105/107, D-26131 Oldenburg. As at 31 August 2016, outstanding principal and accrued interest was €2,817,815 (2015: €2,710,293). The loan facility accrues interest at a fixed rate of 2.59% per annum, fixed for the term of the loan which expires 31 March 2019. In addition to the quarterly interest payments, 2.00% of the outstanding principal amount shall be repaid. The loan is secured on the associated property. The fair value of the property secured against this facility at the year end date is £4,159,730 (2015: £3,598,037).

On 29 January 2014, CBC AcquiCo2 S.à.r.l. entered into a loan agreement with DG Hyp of €4,340,000. The granted loan was required for the acquisition of the property "Hernamm-Ehlers-Saus" located at Martinsburg 29 + 31, D-49078 Osnabrück. As at 31 August 2016, outstanding principal and accrued interest was €4,393,015 (2015: €4,235,602). The loan facility accrues interest at a fixed rate of 2.59% per annum, fixed for the term of the loan which expires 31 March 2019. In addition to the quarterly interest payments, 2.00% of the outstanding principal amount shall be repaid. The loan is secured on the associated property. The fair value of the property secured against this facility at the year end date is £6,472,224 (2015: £5,516,991).

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
19 BORROWINGS (continued)
Allied Irish Banks ("AIB")

On 18 February 2016, Victus (Guernsey) 4 Developments Limited agreed a loan facility with AIB of £12,800,000. The granted loan is required for the settlement of the previous financing (see Titlestone above) used to acquire the property "Vauxhall Road". As at 31 August 2016, outstanding principal and accrued interest was £12,626,592 (2015: £Nil). The loan facility accrues interest at a fixed rate of LIBOR + 2% per annum, fixed for the term of the loan which expires 18 February 2021. The loan is secured on the associated property. The fair value of the property secured against this facility at the year end date is £16,087,500.

On 18 February 2016, Victus (Guernsey) 6 Management Company Limited agreed a loan facility with AIB of £13,390,000. The granted loan is required for the settlement of the previous financing (see AREO s.a.r.l above) used to acquire the property "St Lawrence". As at 31 August 2016, outstanding principal and accrued interest was £13,122,200 (2015: £Nil). The loan facility accrues interest at a fixed rate of LIBOR + 2% per annum, fixed for the term of the loan which expires 18 February 2021. The loan is secured on the associated property. The fair value of the property secured against this facility at the year end date is £18,656,625.

20 TRADE AND OTHER PAYABLES

	2016 £	2015 £
Administration fees (note 5)	317,714	33,034
Annual management charge (note 6)	509,956	121,328
Financial fee (note 6)	438,224	-
Property Advisor fees (note 9)	246,555	55,142
Audit fees	122,533	75,000
Capital expenditure:		
Acquisition costs outstanding	2,558,431	2,561,591
Amounts outstanding	347,980	2,273,363
LDMF (note 9)	1,483,409	6,071,406
VAT payable	54,053	491,812
Custodian's fees (note 7)	5,402	5,041
Deferred income	1,106,288	621,121
Directors' fees and expenses (note 8)	44,813	108,172
Legal and professional fees	62,562	132,024
Loan payable - Prime Student Living Limited	500,000	-
Redemption proceeds not yet paid out	3,057,908	1,447,719
Other payables and accruals	3,071,309	810,493
	13,927,137	14,807,246

The Group has entered into a Development Management and Advisory Services Agreement (the "Development Agreement") whereby CPAGL shall coordinate and oversee the detailed design, development and negotiation of the building contract with the building contractor and developer. In return for these services, CPAGL shall be remunerated by way of a LDMF whereby they shall receive a fee equal to an agreed percentage (ranges between 95% and 99%) of the Open Market Value of the Property at Practical Completion less development costs, initial land valuation, developer's fee as well as an agreed return of 12% to the Group for amounts paid towards development costs from the Group's own equity. As at 31 August 2016 £1,483,409 (2015: £6,071,406) is accrued and included in capital expenditure above.

The loan due to Prime Student Living Limited is unsecured, interest free and repayable on demand.

21 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year ended 31 August 2016 the Group held (i) forward foreign exchange contracts and (ii) an interest rate swap.

(i) Forward foreign exchange contracts

During the year ended 31 August 2016 and the preceding year ended 31 August 2015, the Group entered into a number of forward foreign exchange contracts which are entered into principally for the purpose of mitigating the risk of currency fluctuations to which those shareholders of non-Sterling share classes may be exposed against the movement of that currency against the Sterling. Upon receiving subscriptions through the non-Sterling share classes the Group typically exchanges those subscriptions monies to Sterling which in turn exposes the holders of those non-Sterling share classes to movements in that exchange rate against Sterling. The Group follows a hedging policy whereby it enters into forward foreign exchange contracts between the relevant currency pairs which serve to mitigate some of the exposure to such currency movements. Although the Group uses derivative financial instruments in economic hedges of currency risk, it does not hedge account for these transactions. As at 31 August 2016, no hedging was in place.

(ii) Interest Rate Swaps

Under the terms of the loan agreements the Group is required to utilise interest rate swaps to hedge the loans against movements in interest rates. Pursuant to these requirements, the Group has entered into an amortising LIBOR interest rate swap arrangement covering the tenures of the loans in order that the variable element of the interest payable upon each loan would become fixed. In this regard, the Group have mitigated their cash flow interest rate risk. Although the Group uses derivative financial instruments in economic hedges of interest rate risk, it does not hedge account for these transactions. At the year end date the fair value of the interest rate derivative contract was as follows:

At the year end date the fair value of the interest rate swap was as follows:

	2016 £	2015 £
Interest rate swap derivative liabilities	(603,058)	(277,717)

As a result of movements in market interest rates during the year, losses have arisen on the movement in fair value of the interest rate swap as follows:

	2016 £	2015 £
Unrealised loss on revaluation of interest rate swaps	(325,341)	(249,687)

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
22 FAIR VALUE OF ASSETS AND LIABILITIES
Fair value hierarchy

IFRS 13 "Fair Value Measurement" requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows investment properties recognised at fair value, categorised between those whose fair value is based on:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows how items measured at fair value are grouped into the fair value hierarchy as at 31 August 2016:

As at 31 August 2016	Level 1	Level 2	Level 3	Total
	£	£	£	£
Completed investment property	-	-	112,155,436	112,155,436
Interest rate swap at fair value through profit or loss	-	(603,058)	-	(603,058)
	<u>-</u>	<u>(603,058)</u>	<u>112,155,436</u>	<u>111,552,378</u>
As at 31 August 2015	Level 1	Level 2	Level 3	Total
	£	£	£	£
Completed investment property	-	-	81,711,206	81,711,206
Investment property under development	-	-	37,419,404	37,419,404
Interest rate swap at fair value through profit or loss	-	(277,717)	-	(277,717)
	<u>-</u>	<u>(277,717)</u>	<u>119,130,610</u>	<u>118,852,893</u>

Valuation process for Level 3 valuations

Valuations are the responsibility of the Board of Directors.

The Board engages the services of Savills (UK) Limited to assist in their assessment of the fair values of investment properties. The fair values are based on market values as defined in the Royal Institute of Chartered Surveyors Valuation Professional Standards. Any assumptions made by the valuer are reviewed by the Board for their reasonableness.

Valuation techniques
a) Completed investment property

The fair value of completed investment property is determined by Savills (UK) Limited. Completed investment properties are valued on an investment method using inputs which include but are not limited to rental income and investment yields. The deductions for purchaser's costs is in accordance with the local position existing at the valuation date. The resulting valuations are cross checked by the external valuers against investment yields and capital values per room derived from market transactions. This is a recognised valuation technique which is reviewed and varied where appropriate to reflect market comparable data. Where a property is subject to an agreement with a University, the valuations will also reflect the length of the agreement, the level of rent or occupancy guarantee, the allocation of any operational and marketing responsibilities and the market's general perception of the University's standing. The valuation technique used has not changed from the prior period. The fair value of completed investment property is classified as Level 3.

b) Investment property under development

The fair value of investment property under development is determined by Savills (UK) Limited. Investment property under development is valued by Savills (UK) Limited using a recognised valuation technique to reflect the stage reached in construction and the costs already incurred and those remaining to be spent at the valuation date. The gross development value ("GDV") is assessed on an investment method as per the completed investment property. The cost to complete the development includes allowances for risk and profit and the valuer assumes that all contracts in place at the valuation date will remain in place and can be transferred to a hypothetical purchaser. Any agreement with a University which comes into effect on completion is also reflected in the investment method.

CPAGL use the GDV provided by Savills (UK) Limited in their LDMF calculation. The resulting valuation is essentially the acquisition valuation plus costs incurred which are allowable for the LDMF calculation plus the LDMF accruals. The GDV is used to cross check against total build costs as any overruns will reduce the LDMF and only past that point will valuation be impacted.

The valuation technique used has not changed from the prior periods. The fair value of investment property under development is classified as Level 3.

c) Interest rate swap derivative

The interest rate swap has been valued by reference to third party quotes.

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
22 FAIR VALUE OF ASSETS AND LIABILITIES (continued)
Valuation techniques (continued)
Quantitative information of significant unobservable inputs - Level 3

The following table details the valuation techniques and unobservable inputs made in determining the Level 3 valuations:

Description	2016 €	2016 £			
Completed investment property (UK)	-	84,712,875	Investment method	Rental income (£ per week)*	£91 - £225
				Net initial yield (%)**	5.75% - 7.00%
Completed investment property (Europe)	32,204,250	27,442,561	Investment method	Rental income (€ per month)*	€50 - €200
				Net initial yield (%)**	4.55% - 6.40%

* Rental income is core student rental income before costs on a per room per week basis on the UK properties and all-in-rent before costs on a per room per month basis for the Europe assets.

** Net initial yield is shown after the deduction of purchaser's costs which is not the same as the European Public Real Estate Association ("EPRA") net initial yield which is gross of purchaser's costs.

Quantitative information of significant unobservable inputs - Level 3

Description	2015 €	2015 £			
Completed investment property (UK)	-	57,244,554	Investment method	Rental income (£ per week)*	£93.00 - £196.90
				Net initial yield (%)**	6.00% - 6.50%
Completed investment property (Europe)	33,660,000	24,466,652	Investment method	Rental income (€ per month)*	€157.60 - €850.00
				Net initial yield (%)**	5.24% - 6.57%
Investment property under development (UK)	-	37,419,404	Investment method	Rental income (£ per week)*	£107.00 - £213.00
				Net initial yield (%)**	6.00% - 6.25%

Sensitivity analysis to significant changes in unobservable inputs within level hierarchy

Changes in the investment valuation inputs will have an effect on the fair value method of the completed investment properties and estimated gross development value. For example, reduced rental income will result in a decrease in value, whilst yield compression will result in an increase in value. All these inputs are inter-related as they are determined by market conditions and this inter-relationship may mitigate the impact on value if inputs move in opposite directions.

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
22 FAIR VALUE OF ASSETS AND LIABILITIES (continued)
Level 3 reconciliation

The Directors have re-assessed the investment properties valued at fair value for the year ended 31 August 2016 and have determined that there is no change in the level the investment properties above were classified during the year ended 31 August 2015. The following table shows a reconciliation of all movements in the fair value of investment properties categorised within Level 3 between the beginning and the end of the reporting period:

As at 31 August 2016

	Completed investment property £	Investment property under development £	Total £
Balance at 1 September 2015	81,711,206	37,419,404	119,130,610
(Losses)/gains in Consolidated Statement of Comprehensive Income:			
- unrealised	(10,466,428)	-	(10,466,428)
- currency translation difference in OCI	4,095,975	-	4,095,975
Purchases at cost	(604,721)	-	(604,721)
Transfers to completed investment property	-	(37,419,404)	(37,419,404)
Transfers from investment property under development	37,419,404	-	37,419,404
	<u>112,155,436</u>	<u>-</u>	<u>112,155,436</u>
Balance at 31 August 2016			
As at 31 August 2015	Completed investment property £	Investment property under development £	Total £
Balance at 1 September 2014	44,706,436	30,929,290	75,635,726
Gains in Consolidated Statement of Comprehensive Income:			
- unrealised	1,619,479	2,819,329	4,438,808
- currency translation difference in OCI	(1,679,842)	-	(1,679,842)
Purchases at cost	8,425,546	32,310,372	40,735,918
Transfers to completed investment property	-	(28,639,587)	(28,639,587)
Transfers from investment property - under development	28,639,587	-	28,639,587
	<u>81,711,206</u>	<u>37,419,404</u>	<u>119,130,610</u>

Other financial assets and liabilities not carried at fair value but for which fair value is disclosed

As at 31 August 2016 and 2015 the carrying amounts of cash at bank, receivables, payables, accrued expenses and short-term borrowings reflected in the Consolidated Financial Statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of the Group's non-current floating interest rate loans payable at the end of the Group's reporting periods is not significantly different from the carrying amounts. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates. The fair value estimates have been categorised as Level 3 within the fair value measurement hierarchy required by IFRS 13. The significant input is the value of collateral offered on such loans and the ranking of the borrowers claim on that collateral.

23 SHARES

The Company can issue an unlimited number of Shares subject to and in accordance with the authority contained in the Articles. The Directors may allot and issue shares as Management Shares of no par value or as full or fractional Redeemable Participating Shares of no par value.

	2016 Shares	2016 £	2015 Shares	2015 £
Issued and unpaid				
1 Management Share of no par value	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
23 SHARES (continued)

	2016 Shares	2016 £	2015 Shares	2015 £
<i>Issued and fully paid</i>				
Redeemable Participating Shares no par value shares at 31 August 2016				
GBP - Class A	8,151,043.72	8,463,561	8,035,193.88	8,356,589
EUR - Class A	22,408,843.52	19,924,348	19,318,712.54	17,305,455
CHF - Class A	1,988,065.70	1,246,889	1,644,717.09	895,937
USD - Class A	9,547,579.67	6,872,947	8,190,001.31	5,806,138
GBP - Class B	3,963,633.99	3,779,861	5,624,439.42	6,143,113
EUR - Class B	2,816,813.35	2,815,199	1,361,382.03	1,280,471
CHF - Class B	302,959.41	205,659	151,087.59	69,354
USD - Class B	9,797,556.06	7,223,192	5,172,785.20	3,487,674
Issuance costs	-	(615,884)	-	(599,356)
	58,976,495.42	49,915,772	49,498,319.06	42,745,375
Total in issue	58,976,496.42	49,915,773	49,498,320.06	42,745,376
	31 August 2016		31 August 2015	
Opening Balance	49,498,319.06	42,745,376	37,361,847.31	31,649,631
Issued during year	15,745,515.73	14,735,863	31,625,375.88	22,234,399
Redeemed during year	(6,267,339.37)	(6,949,583)	(19,488,904.13)	(10,539,298)
Issuance costs	-	(615,884)	-	(599,356)
Closing Balance	58,976,495.42	49,915,772	49,498,319.06	42,745,376
	31 August 2016 GBP - Class A		31 August 2015 GBP - Class A	
Opening Balance	8,035,193.88	8,277,633	7,402,759.05	7,572,938
Issued during year	985,699.91	1,345,347	1,087,369.19	1,366,774
Redeemed during year	(869,850.07)	(1,159,419)	(454,934.36)	(583,123)
Issuance costs	-	(279,232)	-	(78,956)
Closing Balance	8,151,043.72	8,184,329	8,035,193.88	8,277,633
	31 August 2016 EUR - Class A		31 August 2015 EUR - Class A	
Opening Balance	19,318,712.54	16,909,824	13,669,102.94	11,960,485
Issued during year	4,859,216.76	4,719,434	8,766,883.46	8,203,842
Redeemed during year	(1,769,085.78)	(1,704,910)	(3,117,273.86)	(2,858,872)
Issuance costs	-	(250,775)	-	(395,631)
Closing Balance	22,408,843.52	19,673,573	19,318,712.54	16,909,824
	31 August 2016 CHF - Class A		31 August 2015 CHF - Class A	
Opening Balance	1,644,717.09	937,332	3,074,293.81	2,164,238
Issued during year	518,348.61	482,565	162,048.29	131,660
Redeemed during the year	(175,000.00)	(173,008)	(1,591,625.01)	(1,399,961)
Issuance costs	-	(4,254)	-	41,395
Closing Balance	1,988,065.70	1,242,635	1,644,717.09	937,332
	31 August 2016 USD - Class A		31 August 2015 USD - Class A	
Opening Balance	8,190,001.31	5,684,912	5,379,869.85	3,572,626
Issued during year	2,244,531.77	1,995,200	3,559,376.49	2,823,029
Redeemed during the year	(886,953.41)	(807,165)	(749,245.03)	(589,517)
Issuance costs	-	(82,073)	-	(121,226)
Closing Balance	9,547,579.67	6,790,874	8,190,001.31	5,684,912

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
23 SHARES (continued)

	31 August 2016 GBP - Class B		31 August 2015 GBP - Class B	
	Shares	£	Shares	£
Opening Balance	5,624,439.42	6,133,141	3,482,700.30	3,335,628
Issued during year	-	-	3,088,786.34	4,036,929
Redeemed during the year	(1,660,805.43)	(2,353,280)	(947,047.22)	(1,229,444)
Issuance costs	-	-	-	(9,972)
Closing Balance	<u>3,963,633.99</u>	<u>3,779,861</u>	<u>5,624,439.42</u>	<u>6,133,141</u>
	31 August 2016 EUR - Class B		31 August 2015 EUR - Class B	
	Shares	£	Shares	£
Opening Balance	1,361,382.03	1,277,062	883,830.78	814,756
Issued during year	1,671,585.91	1,751,214	3,302,858.71	3,269,626
Redeemed during the year	(216,154.59)	(213,077)	(2,825,307.46)	(2,803,911)
Issuance costs	-	-	-	(3,409)
Closing Balance	<u>2,816,813.35</u>	<u>2,815,199</u>	<u>1,361,382.03</u>	<u>1,277,062</u>
	31 August 2016 CHF - Class B		31 August 2015 CHF - Class B	
	Shares	£	Shares	£
Opening Balance	151,087.59	69,354	703,936.69	527,709
Issued during year	151,871.82	136,305	101,087.59	81,384
Redeemed during the year	-	-	(653,936.69)	(539,739)
Issuance costs	-	450	-	-
Closing Balance	<u>302,959.41</u>	<u>206,109</u>	<u>151,087.59</u>	<u>69,354</u>
	31 August 2016 USD - Class B		31 August 2015 USD - Class B	
	Shares	£	Shares	£
Opening Balance	5,172,785.20	3,456,118	2,765,354	1,701,251
Issued during year	5,314,260.95	4,305,798	3,128,672.92	2,321,155
Redeemed during the year	(689,490.09)	(538,724)	(721,241.61)	(534,731)
Issuance costs	-	-	-	(31,557)
Closing Balance	<u>9,797,556.06</u>	<u>7,223,192</u>	<u>5,172,785.20</u>	<u>3,456,118</u>

Management Shares

The Management Shares are non-redeemable. A holder of Management Shares is entitled to one vote on a show of hands or one vote for each Management Share on a poll. The Management Shares do not carry any right to dividends. In a winding up the holders of Management Shares are entitled to receive sums up to the amount paid up on such Management Shares. Management Shares are classified as equity.

Redeemable Participating Shares

Holders of the Redeemable Participating Shares are entitled to one vote for each Redeemable Participating Share held. Shares are redeemable and holders of shares are entitled on each dealing day to offer shares for redemption subject to such limitation as may be specified in the Information Memorandum or in the Articles. On a winding up, the holders of shares are entitled to participate in the distribution of capital pro rata according to their relative NAVs to the number of shares in the relevant class fund and pari passu pursuant to the prospectus according to the number of shares held. Income attributable to the shares shall be accumulated and reflected in the NAV of such shares (calculated in accordance with redemption requirements as set out in the Information Memorandum). The Directors have determined that all income attributable to all share classes shall be accumulated and reflected in the NAV of the shares.

The Promoter will be entitled to receive an initial sales and marketing allowance calculated as 5% of the gross amount invested in Class A shares. Pursuant to the prospectus for the purposes of calculating the Class A shares NAV, the sales and marketing allowance is amortised over a sixty month period. As the Financial Statements are prepared under IFRS, the sales and marketing allowance is written off and offset against share premium in the period incurred. There is no such allowance in respect of Class B shares.

Redemption fees are applicable in respect of Class A shares and such calculations are based on the redemption of shares on a "first in first out" basis. No redemption fees apply to Class B shares. All other terms remain the same for all share classes.

All other terms remain the same for all share classes.

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
24 NET ASSET VALUE PER SHARE

The NAV per Redeemable Participating Share is based on the NAV and the number of Redeemable Ordinary Shares in issue at the reporting date. Reconciliations of published NAVs with accounting NAVs are disclosed in note 29. Movements between the published NAVs and the NAVs per the Financial Statements are split by class by allocating share class specific items and splitting the remaining movements on a weighted average basis.

	2016				
	Net asset value (Currency)	Net asset value £	Number of shares	Net asset value per share (Currency)	Net asset value per share £
GBP - Class A	6,126,224	6,126,224	8,151,043.72	0.7516	0.7516
EUR - Class A	14,068,833	11,988,629	22,408,843.52	0.6278	0.5350
CHF - Class A	1,300,151	1,006,932	1,988,065.70	0.6540	0.5065
USD - Class A	6,226,939	4,738,558	9,547,579.67	0.6522	0.4963
GBP - Class B	3,106,844	3,106,844	3,963,633.99	0.7838	0.7838
EUR - Class B	1,853,516	1,579,456	2,816,813.35	0.6580	0.5607
CHF - Class B	196,743	152,372	302,959.41	0.6494	0.5029
USD - Class B	5,748,515	4,374,488	9,797,556.06	0.5867	0.4465
		<u>33,073,503</u>			

Represented by:

Shares	49,915,772
Retained earnings attributable to Redeemable Participating Shareholders	(15,353,197)
Translation reserve attributable to Redeemable Participating Shareholders	(1,489,071)
	<u>33,073,503</u>

	2015				
	Net asset value (Currency)	Net asset value £	Number of shares	Net asset value per share (Currency)	Net asset value per share £
GBP - Class A	8,984,896	8,984,896	8,035,193.88	1.1182	1.1182
EUR - Class A	20,607,239	14,978,912	19,318,712.54	1.0667	0.7754
CHF - Class A	1,800,276	1,216,238	1,644,717.09	1.0946	0.7395
USD - Class A	8,885,873	5,774,922	8,190,001.31	1.0850	0.7051
GBP - Class B	6,502,362	6,502,362	5,624,439.42	1.1561	1.1561
EUR - Class B	1,513,699	1,100,272	1,361,382.03	1.1119	0.8082
CHF - Class B	160,075	108,144	151,087.59	1.0595	0.7158
USD - Class B	5,012,590	3,257,679	5,172,785.20	0.9690	0.6298
		<u>41,923,425</u>			

Represented by:

Shares	42,745,376
Retained earnings attributable to Redeemable Participating Shareholders	1,113,046
Translation reserve attributable to Redeemable Participating Shareholders	(1,934,997)
	<u>41,923,425</u>

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
25 FINANCIAL INSTRUMENTS

The Group is exposed to market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below.

The Group's principal financial liabilities comprise bank loans, trade payables and derivatives. The Group has various financial assets such as cash and cash equivalents and receivables.

The accounting policies with respect to these financial instruments are disclosed in note 2.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note presents information about the Group's exposure to each of the above risks and the Board of Directors' objectives, policies and processes for measuring and managing these risks.

Principal financial instruments

The financial instruments used by the Group, from which financial risks arises, are as follows:

	2016 £	2015 £
As at 31 August 2016		
Trade and other receivables (excluding prepayments and VAT)	2,495,875	1,271,756
Cash and cash equivalents	116,709	634,533
Total financial assets	<u>2,612,584</u>	<u>1,906,289</u>
Loans payable	66,361,148	62,955,058
Trade and other payables (excluding deferred income)	12,820,849	14,186,125
Interest rate swap at fair value through profit or loss	603,058	277,717
Redeemable Participating Shares	33,073,503	41,923,425
Total financial liabilities	<u>112,858,558</u>	<u>119,342,325</u>

Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as (i) interest rates, and (ii) foreign exchange rates. As at 31 August 2016 and 2015 the Group was not exposed to price risk.

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the year ended 31 August 2016 the Group had entered into borrowing arrangements with six providers as detailed in note 19 and summarised below.

Provider	Interest type	Interest rate per annum
AREO S.à.r.l	Fixed	12.00%
Titlestone Property Lending Limited	Fixed	11.50%
Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft	Fixed	2.59%
Macquarie Bank Limited	Variable	6.55% plus LIBOR
AIB Group (UK) Plc	Variable	2.00% plus LIBOR
National Westminster Bank p.l.c.	Variable	4.25% plus LIBOR

As the Group is exposed to a variable interest rate on the borrowings with National Westminster Bank p.l.c., the Group entered into an amortising LIBOR interest rate swap arrangement with Royal Bank of Scotland Group p.l.c. covering the 5 year term of the loan such that the interest payable upon the loan would effectively be fixed at 6.04% (see note 21). In addition the Group entered into 2 further interest rate swap derivatives with Macquarie Bank Limited, again connected with the asset backed loans with this counterparty.

In this regard, the Group has mitigated its cash flow interest rate risk by entering into interest swaps on all its variable borrowings, therefore there will be no impact on profit as a result of market interest rate movements. However, by effectively fixing their interest rates on borrowings, they do remain exposed to fair value interest rate risk, being the possibility that interest rates may fall below those interest rates at which they are currently fixed. The Group does not apply hedge accounting in relation to interest rate risk.

(b) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's reporting currency. The Group's subsidiaries finance the acquisition of property assets in the currency in which the asset is denominated so that the Group's exposure to changes in the Euro and Sterling value of its assets is minimised.

The Group is exposed to foreign exchange risk arising from currency exposures with respect to the Euro. The Group's management monitors exchange rate fluctuations on a continuous basis and, if appropriate, may use forward foreign exchange contracts to hedge the currency exposure. Wherever possible, Group entities shall settle liabilities denominated in their own functional currency with cash generated from their own operations in that currency.

During the year ended 31 August 2015, the Group entered into a number of forward foreign exchange contracts which were entered into principally for the purposes of mitigating the risk of currency fluctuations to which those shareholders of non-Sterling share classes may be exposed against the movement of that currency against the Sterling. There are no such forward foreign exchange contracts at the year ended 31 August 2016.

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
25 FINANCIAL INSTRUMENTS (continued)
(b) Currency risk (continued)

Upon receiving subscriptions through the non-Sterling share classes the Group typically exchanges these subscriptions monies to Sterling which in turn exposes the holders of those non-Sterling share classes to movements in that exchange rate against Sterling. The Group does not apply hedge accounting but does follow a hedging policy whereby it enters into forward foreign exchange contracts between the relevant currency pairs which serve to mitigate some of the exposure to such currency movements. As at the year end there were no active forward foreign exchange contracts.

The tables below summarise the Group's exposure to foreign currency risk at the year end date. The Group's financial assets and liabilities are shown at their Sterling carrying amounts, categorised by their currency of denomination.

Currency of denomination

As at 31 August 2016	Sterling £	Euro £	USD £	CHF £	Total £
Trade and other receivables (excluding prepayments and VAT)	2,117,136	378,739	-	-	2,495,875
Cash and cash equivalents	37,698	79,011	-	-	116,709
Total financial assets	2,154,834	457,750	-	-	2,612,584
Loans payable	60,216,504	6,144,644	-	-	66,361,148
Trade and other payables (excluding deferred income)	9,389,966	3,430,883	-	-	12,820,849
Interest rate swap	603,058	-	-	-	603,058
Redeemable Participating Shares	9,233,068	13,568,085	9,113,046	1,159,304	33,073,503
Total financial liabilities	79,442,596	23,143,612	9,113,046	1,159,304	112,858,558
As at 31 August 2015	Sterling £	Euro £	USD £	CHF £	Total £
Trade and other receivables (excluding prepayments and VAT)	971,437	300,319	-	-	1,271,756
Cash and cash equivalents	459,593	174,940	-	-	634,533
Total financial assets	1,431,030	475,259	-	-	1,906,289
Loans payable	58,092,659	4,862,399	-	-	62,955,058
Trade and other payables (excluding deferred income)	10,528,175	3,657,950	-	-	14,186,125
Interest rate swap	277,717	-	-	-	277,717
Redeemable Participating Shares	15,487,258	16,079,184	9,032,601	1,324,382	41,923,425
Total financial liabilities	84,385,809	24,599,533	9,032,601	1,324,382	119,342,325

The Group manages foreign currency risk on an overall basis. A 10% fluctuation in the Euro foreign exchange rate as at 31 August 2016 would have increased/decreased the NAV of the Fund by £898,881 (2015: £804,509). No sensitivity is calculated on the Redeemable Participating Shares as the subscription monies is turned into Sterling at the date of the transaction, therefore, exposing the holder to the currency risk.

Credit risk

Credit risk is the risk that an issuer or counterparty will fail to discharge its obligations or commitments to the Group resulting in a financial loss. The Directors do not anticipate losses in respect of rent receivables ("tenant credit risk") as each tenant in occupancy pays rent in advance before their contract commences, rental debtors receivable are not deemed to be material. As such the event of a default by a tenant in occupancy does not exist. No amounts are past due or impaired.

The Group had cash and cash equivalents of £116,709 as at 31 August 2016 (2015: £634,533). The cash, cash equivalents, bank deposits and interest rate swap are held with banks and financial institution counterparties. The Directors believe that the financial institutions that hold the Group's investments are financially sound and, accordingly, minimal credit risk exists with respect to these investments. The Group does not have a credit quality policy.

As at 31 August 2016, the Group held cash and cash equivalents with the following financial institutions:

	Standard and Poor's Rating	2016 £	Standard and Poor's Rating	2015 £
Allied Irish Banks plc	A-	2,437	N/a	-
ING Bank N.V	A+	43,840	A	73,602
National Westminster Bank p.l.c	A3	-	A2	298
HSBC plc	A1	35,172	AA+	171,119
Royal Bank of Canada (Channel Islands) Limited	A1	35,260	A1+	389,514
Total Group cash and cash equivalents		116,709		634,533

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
25 FINANCIAL INSTRUMENTS (continued)
Liquidity risk

Liquidity risk is the risk that the group will not be able to pay its obligations as and when they fall due. Liquidity will be required to satisfy redemption requests by investors and the payment of fees and expenses by the Group. In certain adverse market conditions or when the demand for redemptions exceeds the level of subscriptions and the available cash resources, it may be necessary to sell some of the Group's assets in order to meet the demand for redemptions. The Articles permit the Directors to limit the number of Shares for the Company as a whole to be redeemed on a single dealing day to one tenth (10%). The illiquidity of these property related assets could make it difficult for the Group to liquidate such assets on favourable terms thereby exposing the Group to losses or a decrease in Net Assets Value.

A summary table of the contractual maturities of financial assets and financial liabilities is presented below:

31 August 2016	0 - 12 months	1 - 2 years	2 - 5 years	No fixed maturity date	Total
	£	£	£	£	£
Financial assets - current					
Trade and other receivables (excluding prepayments and VAT)	2,495,875	-	-	-	2,495,875
Cash and cash equivalents	116,709	-	-	-	116,709
	2,612,584	-	-	-	2,612,584
Financial liabilities - current					
Borrowings	(66,361,148)	-	-	-	(66,361,148)
Interest rate swap derivative	(603,058)	-	-	-	(603,058)
Trade and other payables (excluding deferred income)	(12,820,849)	-	-	-	(12,820,849)
	(79,785,055)	-	-	-	(79,785,055)
Financial liabilities - non-current					
Redeemable Participating Shares	-	-	-	(33,073,503)	(33,073,503)
	-	-	-	(33,073,503)	(33,073,503)
Liquidity Gap	(77,172,471)	-	-	(33,073,503)	(110,245,974)
Cumulative Liquidity Gap	(77,172,471)	(77,172,471)	(77,172,471)	(110,245,974)	

The above liquidity gap does not take into consideration the stage of completed investment property and the investment property under development which could be disposed of and the proceeds used to pay any liabilities. The Board recognises that property investments are relatively illiquid thus the policy of the Board is to retain, where possible, sufficient cash balances to meet its ongoing operational needs.

31 August 2015	0 - 12 months	1 - 2 years	2 - 5 years	No fixed maturity date	Total
	£	£	£	£	£
Financial assets - current					
Trade and other receivables (excluding prepayments)	1,271,756	-	-	-	1,271,756
Cash and cash equivalents	634,533	-	-	-	634,533
	1,906,289	-	-	-	1,906,289
Financial liabilities - current					
Borrowings	(32,480,716)	-	-	-	(32,480,716)
Trade and other payables (excluding deferred income)	(14,186,125)	-	-	-	(14,186,125)
	(46,666,841)	-	-	-	(46,666,841)
Financial liabilities - non-current					
Borrowings	-	(876,855)	(29,597,487)	-	(30,474,342)
Interest rate swap derivative liabilities	-	-	(277,717)	-	(277,717)
Redeemable Participating Shares	-	-	-	(41,923,425)	(41,923,425)
	-	(876,855)	(29,875,204)	(41,923,425)	(72,675,484)
Liquidity Gap	(44,760,552)	(876,855)	(29,875,204)	(41,923,425)	(117,436,036)
Cumulative Liquidity Gap	(44,760,552)	(45,637,407)	(75,512,611)	(117,436,036)	

Victus European Student Accommodation Fund IC Limited
**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)**
25 FINANCIAL INSTRUMENTS (continued)
Liquidity risk (continued)

The Board conducts regular assessments of Victus European Student Accommodation Fund's ("VESAF") operational and financial risks with reference to cash flow requirements, the debt position and the liquidity of its investments. Recognising that property investments are relatively illiquid, the policy of the Board is to maintain, where possible, cash balances equivalent to 10% of the net asset value as a contingency to meet investor redemption requests. The Board also maintains an ongoing dialogue with property agents so that it is able to identify and act upon attractive opportunities to sell assets at above carrying value as and when those opportunities may present themselves.

26 CAPITAL MANAGEMENT

The capital consists of Redeemable Preference Shares, see note 23. The Group's capital management objectives are:

- (i) to ensure that the Group is able to continue as a going concern; and
- (ii) to maintain optimal capital structures within the Group which maximise returns for shareholders whilst minimising costs of capital.

For the managing of capital and liquidity see note 25 for further details.

	2016	2015
	£	£
Net debt		
Borrowings - current and non-current	66,361,148	62,955,058
Less cash and cash equivalents	(116,709)	(634,533)
	<u>66,244,439</u>	<u>62,320,525</u>
Net assets attributable to holders of Redeemable Participating Shares (excluding borrowings)	<u>99,434,651</u>	<u>104,878,483</u>
Gearing ratio	<u>66.62%</u>	<u>59.42%</u>

The Group has a gearing policy by which it may borrow up to 100% of the ungeared NAV at any point during the life of the Company. Borrowings will amplify the positive effects of rising prices for investors, but will also exacerbate the detrimental effects of falling values. Hence the volatility of NAV (which is an accepted measure of risk) will increase as gearing increases. Material falls in the value of invested properties, or banks enforcing their security covenants, could result in the Company losing some or all of its assets and as a consequence investors losing some or all of their investment.

27 RELATED PARTY DISCLOSURES

For the purposes of these Financial Statements, a related party is an entity or entities who are able to exercise significant influence directly or indirectly on the Group's operations or have the same common directorship as the Company.

Crosslane Property Advisor (Guernsey) Limited is considered a related party by virtue of common control through Kerry-Anne Marais and James Metcalf being directors. Crosslane Fund Managers LLP, Crosslane (Hawthill) LLP, Crosslane Student Developments UK Limited, Prime Student Living Limited, CBB JV S.à.r.l. and European Property Development (Guernsey) Limited are all considered to be related parties by virtue of common control through James Metcalf being a director and shareholder.

Crosslane Property Advisor (Guernsey) Limited received fees totalling £5,166,010 (2015: £8,181,632) for the year ended 31 August 2016 of which £1,729,964 (2015: £6,165,340) was outstanding at the year end. The nature of fees received are as disclosed in note 9.

Crosslane Fund Managers LLP received fees totalling £1,269,916 (2015: £1,909,160) for the year ended 31 August 2016 of which £948,180 (2015: £155,631) was outstanding at the year end. The nature of fees received are as disclosed in note 6.

As at 31 August 2016 Crosslane Student Developments UK Limited owed the Company £Nil (2015: £60,000). No further transactions have occurred in the current financial year.

Prime Student Living Limited received fees totalling £545,553 (2015: £305,753) for the year ended 31 August 2016 of which £Nil (2015: £58,600) was outstanding at the year end. The nature of fees received are as disclosed in note 10.

As at 31 August 2016 the Company owed CBB JV S.à.r.l. £2,558,431 (2015: £3,045,743) for the purchase of shares in FHC Chambery S.à.r.l. and FHC Bordeaux SAS. No further transactions have occurred in the current financial year.

28 ULTIMATE CONTROLLING PARTY

The Directors do not consider the Company to have an ultimate controlling party as there is no one party that has the ability to direct the financial and operating policies of the Company with a view to gaining economic benefit from its activities.

29 EVENTS AFTER THE REPORTING PERIOD

On 5 October 2016 the sale of the properties 'St James Point' and 'St James Court', Newcastle completed for a gross sale price of £35,000,000.

At a board meeting in November 2016, the directors ratified a decision made in May 2015 to increase the disposal fees paid to Crosslane Property Advisor (Guernsey) Limited from 1% to 2%, capped at a maximum of £800,000 (after which the fee reverts to 1%).

On 13 December 2016 Victus (Guernsey) 2 Developments Limited settled its existing loan facility in full with Macquarie Bank Limited (see note 19) and refinanced via a facility of £6,750,000 with National Westminster Bank p.l.c. The new loan facility is secured against the value of the property held and the entire share capital of the company, bears interest at a rate of 2.5% above LIBOR per annum and is repayable on 13 December 2019.

Victus European Student Accommodation Fund IC Limited

**Notes to the Consolidated Financial Statements
for the year ended 31 August 2016 (continued)****29 EVENTS AFTER THE REPORTING PERIOD (continued)**

On 16 March 2017 the Guernsey Financial Services Commission ("GFSC") notified the Board that it has imposed the following conditions on the Company:

* No new cells/share classes of the Company can be launched

* No further subscriptions or redemptions can be accepted nor can any payments be made on any existing redemptions.

The conditions will remain in place until this set of Financial Statements are submitted to the GFSC with a clean audit opinion along with a management letter which gives the GFSC reasonable assurance over the quality of the books and records of the Company. The conditions imposed are consistent with those set by the Board in July 2016.

On 12 January 2017 Orangefield (Luxembourg) S.A. ("Orangefield") resigned as administrator of the Fund. On 24 March 2017, Vistra Fund Services (Guernsey) Limited ("Vistra") also resigned. Vistra will remain in place until replaced. Orangefield were subsequently replaced by Capita Fiduciary S.A.

On 19 May 2017 the sale of the property 'Keiller Court', Dundee completed for a gross sale price of £5,800,000.

No issues or redemptions have occurred post year end as a result of the conditions imposed, as detailed above. Similarly, as a result of the Company's suspension no formal NAV's have been struck.

Victus European Student Accommodation Fund IC Limited
Unaudited Portfolio Statement

	2016	2016	2015	2015
	% of net asset value	Carrying amount £	% of net asset value	Carrying amount £
Completed investment property:				
Keiller Court, Dundee, Scotland				
Property	15.48%	5,118,750	14.43%	6,050,000
Loan	(9.78%)	(3,235,603)	(6.78%)	(2,840,462)
	5.70%	1,883,147	7.65%	3,209,538
Anchor Road, Bristol, England				
Property	32.43%	10,725,000	31.49%	13,200,000
Loan	(24.53%)	(8,113,963)	(22.30%)	(9,350,050)
	7.90%	2,611,037	9.19%	3,849,950
Pitt Street, Newcastle, England				
Property	47.17%	15,599,844	52.00%	21,800,000
Loan	(38.84%)	(12,844,852)	(35.16%)	(14,741,722)
	8.33%	2,754,992	16.84%	7,058,278
14 - 22 Pitt Street, Newcastle, England				
Property	56.01%	18,525,156	38.63%	16,194,553
Loan	(31.06%)	(10,273,292)	(21.93%)	(9,192,442)
	24.95%	8,251,864	16.70%	7,002,111
Vauxhall Road, Liverpool, England				
Property	48.64%	16,087,500	0.00%	-
Loan	(38.18%)	(12,626,595)	0.00%	-
	10.46%	3,460,905	0.00%	-
St Lawrence, Bristol, England				
Property	56.41%	18,656,625	0.00%	-
Loan	(39.68%)	(13,122,200)	0.00%	-
	16.73%	5,534,425	0.00%	-
Oldenburg, Germany				
Property	12.69%	4,195,730	8.58%	3,598,037
Loan	(7.26%)	(2,401,175)	(4.49%)	(1,882,588)
	5.43%	1,794,555	4.09%	1,715,449
Osnabruck, Germany				
Property	19.57%	6,472,224	13.16%	5,516,991
Loan	(11.32%)	(3,743,468)	(7.11%)	(2,979,834)
	8.25%	2,728,756	6.05%	2,537,157
Chambery, France				
Property	23.84%	7,884,647	16.97%	7,116,118
Loan	0.00%	-	0.00%	-
	23.84%	7,884,647	16.97%	7,116,118
Bordeaux, France				
Property	26.88%	8,889,960	19.64%	8,235,507
Loan	0.00%	-	0.00%	-
	26.88%	8,889,960	19.64%	8,235,507
Total completed investment property after deducting financing	138.47%	45,794,288	97.13%	40,724,108

Victus European Student Accommodation Fund IC Limited
Unaudited Portfolio Statement (continued)

	2016	2016	2015	2015
Investment property under development:				
Vauxhall Road, Liverpool, England				
Property	0.00%	-	44.25%	18,551,521
Loan	0.00%	-	(24.99%)	(10,477,692)
	0.00%	-	19.26%	8,073,829
St Lawrence, Bristol, England				
Property	0.00%	-	45.01%	18,867,883
Loan	0.00%	-	(27.41%)	(11,490,268)
	0.00%	-	17.60%	7,377,615
Total investment property under development	0.00%	-	36.86%	15,451,444
Other net (liabilities)/assets	(38.45%)	(12,720,785)	(33.99%)	(14,252,126)
	100.00%	33,073,503	100.00%	41,923,425