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

Annual Report and Audited Consolidated Financial Statements

For the year ended 31 August 2017

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Officers and Professional Advisors

Directors
Gunther Gommes (resigned on 5 December 2016)
Kerry-Anne Marais
James Metcalf (resigned on 23 February 2018)
Edward Kisala (appointed on 1 July 2017)

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St Peter Port
Guernsey
GY1 2PF

Designated Manager, Administrator, Registrar and Secretary
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Property Advisor
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Promoter
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Royal Bank of Canada (Channel Islands) Limited
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Valuation Agent - European Portfolio
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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 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.
Capital Structure	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.
	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.
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.

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 reports in their quarterly bulletin that around £400m of student accommodation transacted in the second quarter of 2017 and that investor sentiment remains positive. Cushman & Wakefield's UK Student Accommodation Report 2017/18 reports that over 45,000 beds changed hands in 2017 (an increase from the 2016 figure of 43,210) and the average capital value per bed has increased by 8% since 2016 to over £80,000.

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 is one of 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 £5.3bn 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 of over £150m, 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. EU and international students made up 23% of the full-time student population and there are 1.7m students studying full-time, as reported in the Cushman & Wakefield UK Student Accommodation Report 2017/18.

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 World Student Housing Spotlight 2017-18 report (the "Savills World Spotlight Report") that investment in UK PBSA continued unabated after June 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 also note 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.

Figures published by the university admissions service Universities and Colleges Admission Service ("UCAS") ("UCAS End of Cycle Report 2017 Summary of Applicants and Acceptances Report") show that EU applicants dropped by 4.4% to 51,185, around 2,375 applicants fewer than in 2016, reversing a trend of year-on-year rises since 2012. However the report shows that the number of applicants applying from outside the EU to start undergraduate courses this autumn rose by 2.8% to 76,380, the highest on record.

Despite the general level of uncertainty caused by the BREXIT vote, the numbers of overseas students moving to UK universities to take advantage of the premium level education on offer and the favourable exchange rate is expected to increase further. According to UCAS figures, EU students represent only 6% of all full-time students in the UK, and therefore even in case of a harsh BREXIT, there would still be a stable demand from UK students and other internationals limiting the impact on student numbers.

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.

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, there have been sectorial shifts in trends across Europe as a whole. The annual joint PwC and the Urban Land Institute Emerging Trends European Survey 2018 noted that more than half of respondents say they are considering investing in "niche sectors", principally because of demographic drivers. Student housing is the top "niche sector" mentioned in the survey. Findings in the 2018 survey include statistics that 59% are considering investing in alternative sectors which forms a significant increase on the 2016 figure of 41%.

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.'

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 Savills 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. The Savills World Spotlight Report states that transaction volumes in Germany grew five-fold in 2016 and are expected to surpass €1bn in 2017.

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.

CBRE have previously reported that the different types of student accommodation in France are 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 World Spotlight Report cites a pipeline in France of 9,300 private units which were forecast to be delivered from 2015 to 2020. In 2014 the government originally set a delivery target of 40,000 new 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 2017, the portfolio of assets under VESAF ownership comprised of three assets within the UK and four assets in mainland Europe.

Three assets were sold during the year; St James' Point and St James' Court, Newcastle have been sold and completed on 5 October 2016 and Keiller Court, Dundee has also been sold and completed on 19 May 2017.

All existing assets were fully operational ahead of the 2017/18 academic year 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% on the six UK assets, and a current occupancy of 98% 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 the West of England a new lease agreement for 90 rooms 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, Bristol and Glassworks, Liverpool 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 current occupancy of 96% for the 2017/18 winter semester. 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.

Property Advisor's Report (continued)

VESAF Portfolio Overview (continued)

The asset in Bordeaux, France 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 Chambery, 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.

Minor cyclical maintenance and works to upgrade internal common spaces where necessary have been carried out to ensure that all of 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.

The VESAF Portfolio Strategy

On 4 July 2016, the Board of VESAF issued an announcement via the Channel Islands Securities Exchange to advise that the determination of the net asset value of the Fund 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 Crosslane Property Advisor (Guernsey) Limited ('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.

CPAGL have provided the Board with refurbishment recommendation reports for Bordeaux, Oldenburg and Osnabruck following site visits and discussions with the Property Managers. However, due to lack of funding and the decision to sell down the assets, the Board have decided not to proceed with the refurbishment programmes recommended by CPAGL.

As a result of the Grenfell Tower tragedy in London in the summer of 2017, CPAGL recommended that fire risk assessments be conducted on both the UK and European assets. CPAGL is continuing to coordinate any works identified as a result of these assessments. The work required on the UK assets is minimal and mainly simple improvements to the existing fire risk strategies already in place. The German assets require more work due to the age of the buildings and the French reports are expected to be received in the coming weeks.

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.

Having discussed the current sales strategy with Savills the Board made the decision to tender out the process in October 2017. Following this, it was felt that the marketing strategy presented by CBRE was, in the opinion of the Board, the best to take the marketing of the UK assets forward and the Board have therefore appointed CBRE as sales agent with effect from 31 October 2017.

The remaining three assets within the UK portfolio are being marketed by CBRE who expect the sales process to conclude during the second quarter of 2018. CBRE have valued the UK portfolio at £55,940,000 as at 31 August 2017. This is an increase of 19.95% on the Savills valuation reported in the 31 August 2016 financial statements.

European Portfolio

Savills have remained the appointed sales agent for the four European assets.

At the time of writing, some potential purchasers have attended site visits at Bordeaux and Chambery and further site visits are planned for the other European assets in the coming weeks.

Savills expect the sales process to conclude during the second quarter of 2018. Savills have valued the European portfolio at €32,780,000 as at 31 August 2017. This is a marginal reduction in the value of the European portfolio of 0.8% since 31 August 2016. This reduction is due to the lack of capital expenditure on these assets as identified above, despite the continual increase in rents and high occupancies.

Crosslane Property Advisor (Guernsey) Limited
29 March 2018

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Board of Directors

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 compliment 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 - resigned 23 February 2018
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. James resigned from the board of directors of the Company, effective on 23 February 2018.

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 British and resident in Luxembourg.

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 2017.

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").

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 2017 (2016: £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 3.2 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.

Due to the uncertainty around the outcome of certain property sales and the level of cash held, the Board of Directors resolved, in the prior year, 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. 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:

Gunther Gommes (Independent Non-Executive Director, resigned on 5 December 2016)
Kerry-Anne Marais
James Metcalf (Non-Executive Director, resigned on 23 February 2018)
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 2017 £	31 August 2016 £
Gunther Gommes (resigned on 5 December 2016)	**13,196**	127,916
Kerry-Anne Marais	**67,917**	45,000
James Metcalf (resigned on 23 February 2018)	**45,000**	45,000
Justin Partington (resigned on 3 November 2015)	**-**	11,484
Edward Kisala (appointed on 1 July 2017)	**9,750**	-
Karen Haith (resigned on 13 July 2016)	**-**	78,109
	135,863	307,509

Directors' Interests

The Directors did not hold any shares in the Company during the year ended 31 August 2017 (2016: 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.

Directors' Report (continued)

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.

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
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 they ought to have taken, to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board

E Kisala

Director

29 March 2018

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

Opinion
We have audited the financial statements of Victus European Student Accommodation Fund IC Limited and its subsidiaries (the 'group') for the year ended 31 August 2017 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the Consolidated Financial Statements:

- give a true and fair view of the state of affairs of the group as at 31 August 2017 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
We draw attention to the disclosures made in Note 3.2 of the financial statements. As at 31 August 2016 the Group's cash balance was at 0.3% of net assets and there is uncertainty surrounding property sales. As a result the directors resolved for an orderly wind-up of the Group's operations. The financial statements have therefore been prepared on a non-going concern basis.

Our opinion is not modified in respect of this matter.

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

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

We have nothing to report in this regard.

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:

- adequate accounting records have not been kept by the parent company; or
- the Consolidated Financial Statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Saffery Champness GAT
Chartered Accountants
Date: 29 March 2018

Consolidated Statement of Comprehensive Income
for the year ended 31 August 2017

	Notes	31 August 2017	31 August 2016 (as restated)
Discontinuing operations		£	£
Income			
Revenue	4	**7,181,173**	8,663,114
Property operating costs	11	**(3,207,485)**	(3,400,071)
Net rental income		**3,973,688**	5,263,043
Loss on disposal of investment property	16	**(775,124)**	-
Gain on disposal of subsidiary	18	**392,684**	-
Gain on foreign exchange		**1,572,290**	4,115,675
Loss on forward foreign exchange contracts		**-**	(1,107,168)
Revaluation of investment properties			
- completed investment property	16	**8,479,355**	(11,720,548)
Total income		**13,642,893**	(3,448,998)
Expenditure			
Administration fees	5	**350,666**	447,022
Annual management charge	6	**506,966**	831,692
Financial fees	6	**201,736**	438,224
Custodian's fees	7	**29,800**	32,433
Directors' fees and expenses	8	**135,863**	307,509
Asset manangement fees	9	**444,211**	556,010
Legal and professional fees		**919,353**	2,911,284
Other expenses	12	**764,688**	612,697
Total operating expenditure		**3,353,283**	6,136,871
Operating profit/(loss)		**10,289,610**	(9,585,869)
Finance expenses	13	**(3,014,811)**	(5,521,912)
Movement in fair value of interest rate swap	22	**(12,522)**	(325,341)
Profit/(loss) before tax		**7,262,277**	(15,433,122)
Tax (expense)/credit	14	**(167,164)**	275,673
Profit/(loss) for the financial year		**7,095,113**	(15,157,449)
Other comprehensive income			
items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences		**(120,013)**	(383,481)
Other comprehensive income for the year		**(120,013)**	(383,481)
Total comprehensive income for the year		**6,975,100**	**(15,540,930)**
Attributable to:			
Holders of Redeemable Participating Shares		**6,975,100**	(15,540,930)
Earnings per share (basic and diluted)	15		
GBP - class A (GBP Pence per share)		**16.12**	(33.67)
EUR - class A (GBP Pence per share)		**11.48**	(25.16)
CHF - class A (GBP Pence per share)		**11.03**	(24.70)
USD - class A (GBP Pence per share)		**10.62**	(22.86)
GBP - class B (GBP Pence per share)		**16.83**	(31.80)
EUR - class B (GBP Pence per share)		**12.03**	(35.21)
CHF - class B (GBP Pence per share)		**10.79**	(29.23)
USD - class B (GBP Pence per share)		**9.63**	(26.63)

All of the items above for the years ended 31 August 2016 and 2017 derive from discontinuing operations.

The accompanying notes on pages 14 to 38 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position
As at 31 August 2017

	Notes	2017 £	2016 as restated £
Current assets			
Completed investment property	16	**83,992,094**	112,155,436
Trade and other receivables	19	**3,084,207**	2,994,164
Cash and cash equivalents		**925,123**	116,709
Total current assets		**88,001,424**	115,266,309
Total assets		**88,001,424**	115,266,309
Equity			
Management Share	24	**1**	1
Total equity		**1**	1
Liabilities			
Current liabilities			
Borrowings	20	**37,849,850**	66,361,148
Trade and other payables	21	**8,292,977**	13,447,749
Interest rate swap derivative liabilities	22	**-**	603,058
Deferred tax liabilities	14	**943,139**	829,152
Income tax		**387,466**	472,310
Total current liabilities		**47,473,432**	81,713,417
Total liabilities (excluding net assets attributable to holders of Redeemable Participating Shares)		**47,473,432**	81,713,417
Net assets attributable to holders of Redeemable Participating Shares	24	**40,527,991**	33,552,891
Net asset value per share	25		
GBP - class A (GBP per share)		**0.9210**	0.7625
EUR - class A (GBP per share)		**0.6556**	0.5427
CHF - class A (GBP per share)		**0.6206**	0.5138
USD - class A (GBP per share)		**0.6082**	0.5035
GBP - class B (GBP per share)		**0.9605**	0.7952
EUR - class B (GBP per share)		**0.6871**	0.5689
CHF - class B (GBP per share)		**0.6163**	0.5102
USD - class B (GBP per share)		**0.5471**	0.4530

The Consolidated Financial Statements on pages 10 to 38 were approved and authorised for issue by the Board of Directors on 29 March 2018.

Signed on behalf of the Board

E Kisala	**K Marais**
Director	Director

The accompanying notes on pages 14 to 38 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares for the year ended 31 August 2017

	Notes	31 August 2017 £	31 August 2016 £
Net assets attributable to holders of Redeemable Participating Shares at the beginning of the year		**33,552,891**	41,923,425
Proceeds from Redeemable Participating Shares issued	24	**-**	14,735,863
Redemption of Redeemable Participating Shares	24	**-**	(6,949,583)
Issuance costs	24	**-**	(615,884)
Profit/(loss) for the financial year attributable to holders of Redeemable Participating Shares, as		**7,095,113**	(15,157,449)
Other comprehensive income for the year attributable to holders of Redeemable Participating Shares		**(120,013)**	(383,481)
Net assets attributable to holders of Redeemable Participating Shares at the end of the year		**40,527,991**	33,552,891

The accompanying notes on pages 14 to 38 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows
for the year ended 31 August 2017

	Notes	31 August 2017	31 August 2016 (as restated)
		£	£
Profit/(loss) for the financial year		**7,095,113**	(15,157,449)
Adjustment for:			
Finance expenses	13	**3,014,811**	5,521,912
Movement in fair value of interest rate swaps		**12,522**	325,341
Taxation		**167,164**	(275,673)
Movement on foreign exchange		**(1,572,290)**	(4,115,675)
Movement on forward foreign exchange contracts		**-**	1,107,168
(Surplus)/deficit on revaluation of investment properties	16	**(8,479,355)**	11,720,548
Loss on disposal of investment property		**775,124**	-
Gain on disposal of subsidiary		**(392,684)**	-
Operating cash flows before movements in working capital		**620,405**	(873,828)
Increase in trade and other receivables		**(102,291)**	(1,355,857)
(Decrease)/increase in trade and other payables		**(1,841,566)**	3,984,577
Taxation paid		**(138,021)**	-
Net cash inflow from operating activities		**(1,461,473)**	1,754,892
Investing activities			
Sale of investment properties		**31,338,954**	-
Net cash from sale of subsidiary		**(129,094)**	-
Subsequent expenditure on investment properties		**(1,819,426)**	(1,991,022)
Settlement of contracted payments		**(1,119,135)**	(10,886,407)
Movement on forward foreign exchange contracts		**-**	(1,107,168)
Net cash outflow from investing activities		**28,271,299**	(13,984,597)
Financing activities			
Proceeds on issues of shares	24	**-**	14,735,863
Payments on redemptions of shares		**(453,699)**	(5,339,394)
Issuance costs paid	24	**-**	(615,884)
Interest and arrangement fees paid		**(1,739,386)**	(3,588,129)
Swap break fees		**(633,800)**	-
Early loan repayment fees		**(1,275,425)**	-
Receipt of intercompany loan on sale of Subsidiary		**2,441,962**	-
Net (decrease)/increase in borrowings		**(25,055,828)**	1,472,307
Net cash inflow from financing activities		**(26,716,176)**	6,664,763
Decrease in cash and cash equivalents during the year		**93,650**	(5,564,942)
Cash and cash equivalents at the start of the year		**116,709**	634,533
Exchange differences on cash and cash equivalents		**714,764**	5,047,118
Cash and cash equivalents at the end of the year		**925,123**	116,709

The accompanying notes on pages 14 to 38 form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017

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 periods commencing on or after 1 January 2018);
IFRS 16, Leases (effective for periods commencing on or after 1 January 2019);
Amendments to IAS 7, Disclosure Initiative (effective for periods commencing on or after 1 January 2017);
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 2017. Control is achieved where the Company has the power over the investee, exposure or rights to variable returns from its revolvements 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 2017 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) 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 Chambery 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

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, Guernsey, 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 23 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 3.2. 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 profit for the year is entirely attributable to discontinued operations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial assets

2.12.1 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.

2.12.2 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 22 and are valued in accordance with note 23.

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.

2.13 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.

2.13.1 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 22 and are valued in accordance with note 23.

2.13.2 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial liabilities (continued)

2.13.3 Redeemable Participating Shares

In accordance with 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 24 for further details.

2.13.4 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.

2.14 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.

2.15 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 23 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 2017 the carrying amount of completed investment property is £83,992,094 (2016: £112,155,436).

3.2 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.

Due to the uncertainty around the outcome of certain property sales and the level of cash held, the Board of Directors resolved, in the prior year, 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. As a result, all properties are available for sale and the financial statements have been prepared on a break up basis.

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (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 2017	1 year from 31 August 2016
	£	£
Future minimum lease payments from operating leases	**6,728,894**	7,075,266

	2017	2016
	£	£
Revenue from operating leases	**7,181,173**	8,663,114

	2017	2016
	£	£
Revenue from operating leases due at the year end	**986,657**	939,646

5 ADMINISTRATION FEES

Vistra Fund Services (Guernsey) Limited ("Vistra") 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 2016 and 2017 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 2017, Administration fees totalling £350,666 (2016: £447,022) were charged of which £58,011 (2016: £317,714) is outstanding at the year end.

On 24 March 2017, Vistra Fund Services (Guernsey) Limited resigned as Administrator but will remain in place until replaced.

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 2017, the Promoter was entitled to an annual management charge of £506,966 (2016: £831,692) of which £48,658 is outstanding at the year end (2016: £509,956).

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 2017, the Promoter was entitled to a performance fee totalling £Nil (2016: £Nil) of which £Nil is outstanding at the year end (2016: £Nil).

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (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 was 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. Debt Arrangement fees are now recognised in the Consolidated Statements of Comprehensive Income in the year they are incurred to reflect the break up basis of preparation. The Promotor assigned the Debt Arrangement Fee to the Property Advisor from 10 September 2015 to 31 December 2016. For the year ended 31 August 2017, the Promoter was entitled to a Debt Arrangement Fee of £Nil (2016: £Nil) of which £Nil is outstanding at the year end (2016: £Nil).

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 Land Development Management Fee ("LDMF") calculation. No equity arrangement fees were incurred in the current year (2016: £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 2017 the Promoter was entitled to a Financial Fee of £201,736 (2016: £438,224) of which £20,000 is outstanding at the year end (2016: £438,224). The fee accrued in the prior 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 (2016: £Nil).

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 prior year and the Company is looking for an alternative custodian.

For the year ended 31 August 2017, the Custodian was entitled to fees totalling £29,800 (2016: £32,433) of which £5,028 is outstanding at the year end (2016: £5,042).

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 Commitee Chairman and an additional £3,000 per annum for any audit commitee 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 2017, total Directors fees and expenses is £135,863 (2016: £307,509) of which £17,250 (2016: £44,813) is outstanding and £7,500 (2016: £Nil) has been prepaid at the year end.

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 overage 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 21 for amounts accrued as at 31 August 2017.

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.

The Promotor assigned the Debt Arrangement Fee to the Property Advisor from 10 September 2015 to 31 December 2016. For the year ended 31 August 2017, the Promoter was entitled to a Debt Arrangement Fee of £494,100 (2016: £Nil) of which £Nil is outstanding at the year end (2016: £Nil).

For the year ended 31 August 2017, the Asset Manager/Property Advisor was entitled to fees totalling £444,211* (2016: £556,010*) of which £Nil (2016: £246,555) is outstanding at the year end. The Property Advisor was also entitled to LDMF fees totalling £Nil* (2016: £4,610,000*) of which £Nil (2016: £1,483,409) is outstanding at the year end, Property Disposal fees of £816,000 (2016: £Nil) of which £Nil (2016: £Nil) is outstanding at the year end and Debt Arrangement fees of £494,100 (2016: £Nil) of which £Nil is outstanding at the year end (2016: £Nil).

* 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 2017, the Property Manager was entitled to fees totalling £561,806 (2016: £545,553) of which £Nil is outstanding at the year end (2016: £Nil) (see note 11).

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

11 PROPERTY OPERATING COSTS

	2017 £	2016 £
Property management fees (note 10)	**561,806**	545,553
Operational expenses	**2,415,434**	2,618,010
Insurance costs	**230,245**	236,508
	3,207,485	3,400,071

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

12 OTHER EXPENSES

	2017 £	2016 £
Advertising expenses	**462,397**	219,951
Audit fees	**207,509**	152,166
Bank charges	**76,886**	22,007
Listing fees	**28,920**	29,097
Travel expenses	**-**	294
Valuation agent fees	**69,807**	46,800
Miscellaneous expenses	**(80,831)**	142,382
	764,688	612,697

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

	2017 £	2016 £
Loan interest on external borrowings	**1,245,286**	4,926,701
Debt arrangement fees (see notes 6 and 9)	**494,100**	266,000
Early loan repayment fee	**1,275,425**	-
Penalty interest	**-**	329,211
	3,014,811	5,521,912

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 EXPENSE/(CREDIT)

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. Subsidiaries incorporated in Guernsey are subject to taxation on rental income.

The tax charge for the year comprises:	2017 £	2016 As restated £
Current tax:		
Luxembourg taxation - at Luxembourg's statutory income tax rate of 27.08% (2016: 29.22%)	**-**	128,584
Belgium taxation - at Belgium's statutory income tax rate of 33.99% (2016: 33.99%)	**8,911**	32,834
United Kingdom taxation - at United Kingdom's statutory income tax rate of 20% (2016: 20%)	**44,266**	92,276
	53,177	253,694
Deferred tax:		
Taxable temporary differences on recognition of future disposals of properties at fair value	**113,987**	(529,367)
Income tax expense/(credit) reported in the Consolidated Statement of Comprehensive Income	**167,164**	(275,673)
Profit/(loss) for the year before tax	**7,262,277**	(15,433,122)
Profit/(loss) on ordinary activities at applicable tax rate	**1,511,212**	(3,506,197)
Non-deductible expenses/income not taxable	**(1,769,285)**	1,969,393
Carried forward tax losses	**298,862**	1,404,232
Capital allowances and timing differences	**12,388**	386,266
Current year tax charge	**53,177**	253,694
Deferred tax	**113,987**	(529,367)
Income tax recognised in the Consolidated Statement of Comprehensive Income	**167,164**	(275,673)

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

14 TAX EXPENSE/(CREDIT) (continued)

Deferred taxation	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2017	2016	**2017**	2016
	£	£	**£**	£
Deferred tax liability				
Revaluation of investment property to fair value	**943,139**	829,152	**113,987**	(529,367)
	943,139	829,152	**113,987**	(529,367)

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)	Profit for the year £	Weighted average number of shares in issue	Earnings per share (Currency)	Earnings per share £ (pence)
Year ended 31 August 2017					
GBP - Class A	**1,314,232**	**1,314,231**	**8,151,044**	**16.12**	**16.12**
EUR - Class A	**2,959,971**	**2,571,867**	**22,408,844**	**13.21**	**11.48**
CHF - Class A	**270,205**	**216,013**	**1,959,066**	**13.79**	**11.03**
USD - Class A	**1,286,444**	**1,016,542**	**9,567,514**	**13.45**	**10.62**
GBP - Class B	**666,498**	**666,498**	**3,960,734**	**16.83**	**16.83**
EUR - Class B	**389,965**	**338,834**	**2,816,813**	**13.84**	**12.03**
CHF - Class B	**40,888**	**32,688**	**302,959**	**13.50**	**10.79**
USD - Class B	**1,187,605**	**938,440**	**9,743,258**	**12.19**	**9.63**
		7,095,113			

	Loss for the year (Currency)	Loss the year £	Weighted average number of shares in issue	Earnings per share (Currency)	Earnings per share £ (pence)
Year ended 31 August 2016 as restated					
GBP - Class A	**(2,807,623)**	**(2,807,623)**	**8,339,565**	**(33.67)**	**(33.67)**
EUR - Class A	**(6,447,688)**	**(5,494,339)**	**21,836,039**	**(29.53)**	**(25.16)**
CHF - Class A	**(595,854)**	**(461,473)**	**1,868,302**	**(31.89)**	**(24.70)**
USD - Class A	**(2,853,780)**	**(2,171,661)**	**9,501,595**	**(30.03)**	**(22.86)**
GBP - Class B	**(1,423,854)**	**(1,423,854)**	**4,478,071**	**(31.80)**	**(31.80)**
EUR - Class B	**(849,458)**	**(723,858)**	**2,055,573**	**(41.32)**	**(35.21)**
CHF - Class B	**(90,166)**	**(69,831)**	**238,882**	**(37.75)**	**(29.23)**
USD - Class B	**(2,634,521)**	**(2,004,810)**	**7,529,391**	**(34.99)**	**(26.63)**
		(15,157,449)			

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

16 COMPLETED INVESTMENT PROPERTY

	2017	2016 (as restated)
	£	£
Opening balance	**112,155,436**	81,711,206
Subsequent expenditure	**512,479**	649,399
Surplus/(deficit) on revaluation	**8,479,355**	(11,720,548)
Exchange differences on translation of foreign currencies	**2,219,826**	4,095,975
Transfers from investment property under development	**-**	37,419,404
Disposals	**(38,599,878)**	-
Realised loss on disposal	**(775,124)**	-
Closing balance	**83,992,094**	112,155,436

The Directors have engaged CBRE Limited, Chartered Surveyors, as valuers of the UK investment properties and Savills (UK) Limited, Chartered Surveyors, as valuers of the European investment properties. All properties were valued by Savills (UK) Limited in the prior year. The properties' fair value have been based on these valuations.

During the year properties at Pitt Street, United Kingdom were sold for consideration less costs to sell of £33,349,876. £775,124 has been recognised in the Statement of Comprehensive Income as a net reaslised loss on disposal with regard to these sales. The property at Keiller Court, Dundee, with a fair value of £5,250,000 was disposed of during the year as part of the disposal of Victus (Guernsey) 3 Limited, as described in Note 18.

As at the year ended 31 August 2017, £83,992,094 (2016: £112,155,436) 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.

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

16 COMPLETED INVESTMENT PROPERTY (continued)

As at 31 August 2017 the Group owned the following completed investment property:

- Student housing accommodation at 10 Anchor Road, Bristol, England, United Kingdom (Victus (Guernsey) 2 Developments Limited).
- Student housing accommodation at Vauxhall Road, Liverpool, England, United Kingdom (Victus (Guernsey) 4 Developments Limited).
- Student housing accommodation at St Lawrence, Bristol, England, United Kingdom (Victus (Guernsey) 6 Management Company 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, Chambery, France (FHC Chambery 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 20. The properties held by FHC Chambery 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 Chambery S.à.r.l. as at 31 August 2017 is £8,553,070 (2016: £7,884,647). The fair value of the property at FHC Bordeaux SAS as at 31 August 2017 is £9,361,659 (2016: £8,889,960).

17 INVESTMENT PROPERTY UNDER DEVELOPMENT

	2017	2016
	£	£
Opening balance	**-**	37,419,404
Subsequent expenditure	**-**	-
Borrowing costs capitalised	**-**	-
Surplus on revaluation	**-**	-
Transfers to completed investment property	**-**	(37,419,404)
Closing balance	**-**	-

As at 31 August 2016 and 2017 none of the properties were classified as Development Properties.

18 DISCONTINUED OPERATIONS

On 19 May 2017, the group entered into a sale agreement to dispose of Victus (Guernsey) 3 Limited.

(i) Financial performance information
The results of Victus (Guernsey) 3 Limited which have been included in the consolidated Statement of Comprehensive Income for the period up to the date of disposal and for the comparative year are set out below.

	Period ended 19 May 2017	Year ended 2016
	£	£
Income		
Revenue	**471,934**	574,568
Property operating costs	**(178,838)**	(159,528)
Net rental income	**293,096**	415,040
Revaluation of completed investment property	**131,250**	(966,530)
Movement in fair value of interest rate swap	**-**	(11,880)
Expenditure	**(88,388)**	(56,292)
Operating profit/(loss)	**335,958**	**(619,662)**
Finance expenses	**(160,199)**	(466,037)
Profit/(loss) before tax	**175,759**	**(1,085,699)**
Tax credit/(expense)	**-**	-
Gain on disposal of discontinued operations	**392,684**	-
Profit from discontinued operation	**568,443**	**(1,085,699)**

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

18 DISCONTINUED OPERATIONS (continued)

(ii) Details of the sale of subsidiary

	2017 £
Consideration received	
Cash (less costs of disposal)	(129,094)
Total disposal consideration	**(129,094)**
Carrying amount of net liabilities sold	521,778
Gain on sale	**392,684**

The carrying amounts of assests and liabilities as at the date of sale (19 May 2017) were

	19 May 2017 £
Completed investment property	5,250,000
Trade and other receivables	12,248
Cash and cash equivalents	-
Total assets	**5,262,248**
Borrowings	(3,210,332)
Loan due to Group	(2,441,962)
Trade and other payables	(131,732)
Total liabilities	**(5,784,026)**
Net liabilities	**(521,778)**

The basic and diluted profits per Redeemable Participating Share for the Discontinued Operations are based on the profit for the period and on the total weighted average number of shares in issue for that period. 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 period (Currency)	Profit for the period £	Weighted average number of shares in issue	Earnings per share (Currency)	Earnings per share £ (pence)
Period ended 19 May 2017					
GBP - Class A	**32,556**	**32,556**	**8,151,044**	**0.40**	**0.40**
EUR - Class A	**74,059**	**63,709**	**22,408,844**	**0.33**	**0.28**
CHF - Class A	**6,702**	**5,351**	**1,959,066**	**0.34**	**0.27**
USD - Class A	**31,607**	**25,182**	**9,567,514**	**0.33**	**0.26**
GBP - Class B	**16,510**	**16,510**	**3,960,734**	**0.42**	**0.42**
EUR - Class B	**9,757**	**8,394**	**2,816,813**	**0.35**	**0.30**
CHF - Class B	**1,014**	**810**	**302,959**	**0.33**	**0.27**
USD - Class B	**29,179**	**23,247**	**9,743,258**	**0.30**	**0.24**
		175,759			

	Loss for the year (Currency)	Loss the year £	Weighted average number of shares in issue	Earnings per share (Currency)	Earnings per share £ (pence)
Year ended 31 August 2016 as restated					
GBP - Class A	**(201,105)**	**(201,105)**	**8,339,565**	**(2.41)**	**(2.41)**
EUR - Class A	**(461,836)**	**(393,548)**	**21,836,039**	**(2.12)**	**(1.80)**
CHF - Class A	**(42,680)**	**(33,054)**	**1,868,302**	**(2.28)**	**(1.77)**
USD - Class A	**(204,411)**	**(155,552)**	**9,501,595**	**(2.15)**	**(1.64)**
GBP - Class B	**(101,988)**	**(101,988)**	**4,478,071**	**(2.28)**	**(2.28)**
EUR - Class B	**(60,845)**	**(51,849)**	**2,055,573**	**(2.96)**	**(2.52)**
CHF - Class B	**(6,458)**	**(5,002)**	**238,882**	**(2.70)**	**(2.09)**
USD - Class B	**(188,706)**	**(143,601)**	**7,529,391**	**(2.51)**	**(1.91)**
		(1,085,699)			

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

19 TRADE AND OTHER RECEIVABLES

	2017	2016
	£	£
VAT receivable	**184,023**	123,678
Third party deposit accounts	**1,218,119**	939,506
Other receivables	**591,274**	616,723
Prepayments	**104,134**	374,611
Accrued income	**986,657**	939,646
	3,084,207	2,994,164

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 £770,509 (2016: £768,819) 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.

20 BORROWINGS

	2017	2017	2017	2017
	£	£	£	£
Lender	**Loan Principal**	**Accrued Interest**	**Impact of net effective interest calculation**	**Carrying amount**
Current Portion				
Allied Irish Banks	**24,618,600**	**74,333**	**-**	**24,692,933**
Deutsche Genossenschafts-Hypothekenbank Aktiensgesellschaft	**6,480,735**	**29,705**	**-**	**6,510,440**
National Westminster Bank p.l.c	**6,600,000**	**46,477**	**-**	**6,646,477**
	37,699,335	**150,515**	**-**	**37,849,850**
Total loans payable	**37,699,335**	**150,515**	**-**	**37,849,850**

	2016	2016	2016	2016
	£	£	£	£
Lender	Loan Principal	Accrued Interest	Impact of net effective interest calculation	Carrying amount
Current Portion				
Allied Irish Banks	25,666,200	82,592	-	25,748,792
Deutsche Genossenschafts-Hypothekenbank Aktiensgesellschaft	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

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 22 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. This loan was settled in full when the Group sold its investment in Victus (Guernsey) 3 Limited. The loan was settled by the purchaser, as required by the purchase agreement.

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. This loan was settled in full when the Group sold its investment in Victus (Guernsey) 3 Limited. The loan was settled by the purchaser, as required by the purchase agreement.

On 13 December 2016, Victus (Guernsey) 2 Developments Limited had a fully drawn facility of £6,750,000. The loan applies interest at a variable rate of 2.50% plus a variable LIBOR rate per annum. The term of the loan was 36 months.

As at 31 August 2017 the total outstanding principle and accrued interest was £6,646,477 (2016: £3,256,878). 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 held as security at 31 August 2017 is £12,694,500 (2016: £5,118,750).

20 BORROWINGS (continued)

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 22 for further details). On 31 March 2016, £600,000 of former debt was repaid with funds received from the parent company.

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 was to be repaid over the term to maturity and interest charged at the amended rate of 6.55% plus LIBOR.

The loan was settled, in full, when the Group sold the property "Pitt Street" and entered into a refinancing agreement with National Westminster Bank p.l.c.

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 2017 the outstanding principal and accrued interest was £Nil (2016: £20,913,794). The fair value of the property secured against these facilities as at 31 August 2017 is £Nil (2016: £26,324,844).

Titlestone Property Lending Limited ("Titlestone")

On 16 October 2014, Victus (Guernsey) 5 Developments Limited agreed a development loan facility with Titlestone of £10,000,000. As at 31 August 2017 the outstanding principal and accrued interest was £Nil (2016: £10,273,292). The loan facility accrued 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 could be capitalised up to a maximum of £1,131,000 and, once fully utilised, on-going interest payments would 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. The fair value of the property secured against this facility as at the 31 August 2017 is £Nil (2016: £18,525,156). The loan was settled, in full, shortly after the property was sold on 5 October 2016.

Deutsche Genossenschafts-Hypothekenbank Aktiensgesellschaft ("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 was required for the acquisiton of the property "Hernamm-Ehlers-Saus" located at Echenstraβe 105/107, D-26131 Oldenburg. As at 31 August 2017, outstanding principal and accrued interest was €2,756,923 (2016: €2,817,815). 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 £4,537,080 (2016: £4,159,730).

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 2017, outstanding principal and accrued interest was €4,308,365 (2016: €4,393,015). 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 £6,998,783 (2016: £6,472,224).

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 was required for the settlement of the previous financing (see Titlestone above) used to acquire the property "Vauxhall Road". As at 31 August 2017, outstanding principal and accrued interest was £12,032,000 (2016: £12,626,592). 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 £20,631,0000 (2016: £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 was required for the settlement of the previous financing used to acquire the property "St Lawrence". As at 31 August 2017, outstanding principal and accrued interest was £12,660,933 (2016: £13,122,200). 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 £21,216,000 (2016: £18,656,625).

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

21 TRADE AND OTHER PAYABLES

	2017 £	2016 £ as restated
Administration fees (note 5)	**58,011**	317,714
Annual management charge (note 6)	**48,658**	509,956
Financial fee (note 6)	**20,000**	438,224
Property Advisor fees (note 9)	**-**	246,555
Audit fees	**169,125**	122,533
Capital expenditure:		
Acquisition costs outstanding	**1,439,296**	2,558,431
Amounts outstanding	**-**	347,980
LDMF (note 9)	**-**	1,483,409
VAT payable	**66,016**	54,053
Custodian's fees (note 7)	**3,352**	5,402
Deferred income	**1,080,838**	1,106,288
Directors' fees and expenses (note 8)	**17,250**	44,813
Legal and professional fees	**-**	62,562
Loan payable - Prime Student Living Limited	**500,000**	500,000
Redemption proceeds not yet paid out	**2,814,995**	3,057,908
Other payables and accruals	**2,075,436**	2,591,921
	8,292,977	13,447,749

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 2017 £Nil (2016: £1,483,409) is accrued and included in capital expenditure above.

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

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

(i) Forward foreign exchange contracts

During the preceeding year 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 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 followed 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 used derivative financial instruments in economic hedges of currency risk, it does not hedge account for these transactions. As at 31 August 2016 and 2017, no hedging was in place.

(ii) Interest Rate Swaps

Under the terms of the loan agreements the Group was required to utilise interest rate swaps to hedge the loans against movements in interest rates. Pursuant to these requirements, the Group had 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 had mitigated their cash flow interest rate risk. Although the Group used derivative financial instruments in economic hedges of interest rate risk, it does not hedge account for these transactions.

During the year the interest rate swaps were closed out when the loans were repaid following the sale of the property.

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

	2017 £	2016 £
Interest rate swap derivative liabilities	**-**	(603,058)

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:

	2017 £	2016 £
Unrealised loss on revaluation of interest rate swaps	**(12,522)**	**(325,341)**

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

23 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 2017:

As at 31 August 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Completed investment property	**-**	**-**	**83,992,094**	**83,992,094**
Interest rate swap at fair value through profit or loss	**-**	**-**	**-**	**-**
	-	**-**	**83,992,094**	**83,992,094**

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)
	-	(603,058)	112,155,436	111,552,378
	-			

Valuation process for Level 3 valuations

Valuations are the responsibility of the Board of Directors.

The Board engages the services of CBRE Limited and 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 Institution 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 UK investment property is determined by CBRE Limited and completed European investment property 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) Interest rate swap derivative

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

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

23 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	**2017** **€**	**2017** **£**			
Completed investment property (UK)	**-**	**54,541,500**	**Investment method**	**Rental income (£ per week)***	**£106 - £232**
				Net initial yield (%)**	**5.25% - 6.00%**
Completed investment property (Europe)	**31,960,500**	**29,450,594**	**Investment method**	**Rental income (€ per month)***	**€42 - €340**
				Net initial yield (%)**	**4.00% - 6.35%**

***** 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	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%

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.

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

23 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 2017 and have determined that there is no change in the level the investment properties above were classified during the year ended 31 August 2016. 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 2017

	Completed investment property £	**Investment property under development £**	**Total £**
Balance at 1 September 2016	**112,155,436**	**-**	**112,155,436**
Gains/(losses) in Consolidated Statement of Comprehensive Income:			
- unrealised	**8,479,355**	**-**	**8,479,355**
- currency translation difference in OCI	**2,219,826**	**-**	**2,219,826**
Purchases at cost	**512,479**	**-**	**512,479**
Disposals	**(38,599,878)**	**-**	**(38,599,878)**
Realised loss on disposal	**(775,124)**	-	**(775,124)**
Balance at 31 August 2017	**83,992,094**	**-**	**83,992,094**

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	(11,720,548)	-	(11,720,548)
- currency translation difference in OCI	4,095,975	-	4,095,975
Purchases at cost	649,399	-	649,399
Transfers to completed investment property	-	(37,419,404)	(37,419,404)
Transfers from investment property - under development	37,419,404	-	37,419,404
Balance at 31 August 2016	112,155,436	-	112,155,436

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

As at 31 August 2017 and 2016 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.

24 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.

	2017 Shares	**2017 £**	2016 Shares	2016 £
Issued and unpaid				
1 Management Share of no par value	**1**	**1**	1	1

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

24 SHARES (continued)

	2017	**2017**	2016	2016
	Shares	**£**	Shares	£
Issued and fully paid				
Redeemable Participating Shares no par value shares at 31 August 2017				
GBP - Class A	**8,151,043.72**	**8,184,329**	8,151,043.72	8,463,561
EUR - Class A	**22,408,843.52**	**19,673,573**	22,408,843.52	19,924,348
CHF - Class A	**1,959,065.70**	**1,242,635**	1,988,065.70	1,246,889
USD - Class A	**9,567,514.40**	**6,855,874**	9,547,579.67	6,872,947
GBP - Class B	**3,960,733.99**	**3,779,861**	3,963,633.99	3,779,861
EUR - Class B	**2,816,813.35**	**2,815,199**	2,816,813.35	2,815,199
CHF - Class B	**302,959.41**	**206,109**	302,959.41	205,659
USD - Class B	**9,743,258.17**	**7,158,192**	9,797,556.06	7,223,192
Issuance costs	**-**	**-**	-	(615,884)
	58,910,232.26	**49,915,772**	58,976,495.42	49,915,772
Total in issue	**58,910,233.26**	**49,915,773**	58,976,496.42	49,915,773

	31 August 2017		31 August 2016	
	Shares	**£**	Shares	£
Opening Balance	**58,976,495.42**	**49,915,772**	49,498,319.06	42,745,376
Issued during year	**-**	**-**	15,745,515.73	14,735,863
Redeemed during year	**-**	**-**	(6,267,339.37)	(6,949,583)
Issuance costs	**-**	**-**	-	(615,884)
Closing Balance	**58,976,495.42**	**49,915,772**	58,976,495.42	49,915,772

	31 August 2017		31 August 2016	
	GBP - Class A		GBP - Class A	
	Shares	**£**	Shares	£
Opening Balance	**8,151,043.72**	**8,184,329**	8,035,193.88	8,277,633
Issued during year	**-**	**-**	985,699.91	1,345,347
Redeemed during year	**-**	**-**	(869,850.07)	(1,159,419)
Issuance costs	**-**	**-**	-	(279,232)
Closing Balance	**8,151,043.72**	**8,184,329**	8,151,043.72	8,184,329

	31 August 2017		31 August 2016	
	EUR - Class A		EUR - Class A	
	Shares	**£**	Shares	£
Opening Balance	**22,408,843.52**	**19,673,573**	19,318,712.54	16,909,824
Issued during year	**-**	**-**	4,859,216.76	4,719,434
Redeemed during year	**-**	**-**	(1,769,085.78)	(1,704,910)
Issuance costs	**-**	**-**	-	(250,775)
Closing Balance	**22,408,843.52**	**19,673,573**	22,408,843.52	19,673,573

	31 August 2017		31 August 2016	
	CHF - Class A		CHF - Class A	
	Shares	**£**	Shares	£
Opening Balance	**1,959,065.70**	**1,242,635**	1,615,717.09	937,332
Issued during year	**-**	**-**	518,348.61	482,565
Redeemed during the year	**-**	**-**	(175,000.00)	(173,008)
Issuance costs	**-**	**-**	-	(4,254)
Closing Balance	**1,959,065.70**	**1,242,635**	1,959,065.70	1,242,635

	31 August 2017		31 August 2016	
	USD - Class A		USD - Class A	
	Shares	**£**	Shares	£
Opening Balance	**9,518,579.67**	**6,790,874**	8,190,001.31	5,684,912
Issued during year	**-**	**-**	2,215,531.77	1,995,200
Redeemed during the year	**-**	**-**	(886,953.41)	(807,165)
Transferred from USD Class B during year	**48,934.73**	**65,000**	-	-
Issuance costs	**-**	**-**	-	(82,073)
Closing Balance	**9,567,514.40**	**6,855,874**	9,518,579.67	6,790,874

Notes to the Consolidated Financial Statements
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24 SHARES (continued)

	31 August 2017		31 August 2016	
	GBP - Class B		GBP - Class B	
	Shares	**£**	Shares	£
Opening Balance	**3,960,733.99**	**3,779,861**	5,621,539.42	6,133,141
Issued during year	**-**	**-**	-	-
Redeemed during the year	**-**	**-**	(1,660,805.43)	(2,353,280)
Issuance costs	**-**	**-**	-	-
Closing Balance	**3,960,733.99**	**3,779,861**	3,960,733.99	3,779,861

	31 August 2017		31 August 2016	
	EUR - Class B		EUR - Class B	
	Shares	**£**	Shares	£
Opening Balance	**2,816,813.35**	**2,815,199**	1,361,382.03	1,277,062
Issued during year	**-**	**-**	1,671,585.91	1,751,214
Redeemed during the year	**-**	**-**	(216,154.59)	(213,077)
Issuance costs	**-**	**-**	-	-
Closing Balance	**2,816,813.35**	**2,815,199**	2,816,813.35	2,815,199

	31 August 2017		31 August 2016	
	CHF - Class B		CHF - Class B	
	Shares	**£**	Shares	£
Opening Balance	**302,959.41**	**206,109**	151,087.59	69,354
Issued during year	**-**	**-**	151,871.82	136,305
Redeemed during the year	**-**	**-**	-	-
Issuance costs	**-**	**-**	-	450
Closing Balance	**302,959.41**	**206,109**	302,959.41	206,109

	31 August 2017		31 August 2016	
	USD - Class B		USD - Class B	
	Shares	**£**	Shares	£
Opening Balance	**9,797,556.06**	**7,223,192**	5,172,785	3,456,118
Issued during year	**-**	**-**	5,314,260.95	4,305,798
Redeemed during the year	**-**	**-**	(689,490.09)	(538,724)
Transferred to USD Class A during year	**(54,297.89)**	**(65,000)**		
Issuance costs	**-**	**-**	-	-
Closing Balance	**9,743,258.17**	**7,158,192**	9,797,556.06	7,223,192

The transfer of shares from USD Class B to USD Class A during the year was to correct a misclassification in the prior year.

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.

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

25 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.

			2017		
	Net asset value	**Net asset value**		**Net asset value per share**	**Net asset value per share**
	(Currency)	**£**	**Number of shares**	***(Currency)***	**£**
GBP - Class A	**7,507,023**	**7,507,023**	**8,151,043.72**	**0.9210**	**0.9210**
EUR - Class A	**15,942,775**	**14,690,765**	**22,408,843.52**	**0.7115**	**0.6556**
CHF - Class A	**1,530,108**	**1,233,886**	**1,988,065.70**	**0.7696**	**0.6206**
USD - Class A	**7,486,576**	**5,806,588**	**9,547,579.67**	**0.7841**	**0.6082**
GBP - Class B	**3,807,100**	**3,807,100**	**3,963,633.99**	**0.9605**	**0.9605**
EUR - Class B	**2,100,400**	**1,935,453**	**2,816,813.35**	**0.7457**	**0.6871**
CHF - Class B	**231,541**	**186,715**	**302,959.41**	**0.7643**	**0.6163**
USD - Class B	**6,911,373**	**5,360,461**	**9,797,556.06**	**0.7054**	**0.5471**
		40,527,991			

Represented by:	
Shares	**49,915,772**
Retained earnings attributable to Redeemable Participating Shareholders	**(7,778,697)**
Translation reserve attributable to Redeemable Participating Shareholders	**(1,609,084)**
	40,527,991

			2016, as restated		
	Net asset value	Net asset value		Net asset value per share	Net asset value per share
	(Currency)	£	Number of shares	*(Currency)*	£
GBP - Class A	6,215,021	6,215,021	8,151,043.72	0.7625	0.7625
EUR - Class A	14,272,756	12,162,399	22,408,843.52	0.6369	0.5427
CHF - Class A	1,318,996	1,021,527	1,988,065.70	0.6635	0.5138
USD - Class A	6,317,196	4,807,241	9,547,579.67	0.6617	0.5035
GBP - Class B	3,151,876	3,151,876	3,963,633.99	0.7952	0.7952
EUR - Class B	1,880,382	1,602,350	2,816,813.35	0.6676	0.5689
CHF - Class B	199,595	154,581	302,959.41	0.6588	0.5102
USD - Class B	5,831,837	4,437,896	9,797,556.06	0.5952	0.4530
		33,552,891			

Represented by:	
Shares	49,915,772
Retained earnings attributable to Redeemable Participating Shareholders, as restated	(14,873,810)
Translation reserve attributable to Redeemable Participating Shareholders	(1,489,071)
	33,552,891

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

26 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:

	2017	2016
	£	£
		as restated
As at 31 August 2017		
Trade and other receivables (excluding prepayments and VAT)	**2,796,050**	2,495,875
Cash and cash equivalents	**925,123**	116,709
Total financial assets	**3,721,173**	2,612,584
Loans payable	**37,849,850**	66,361,148
Trade and other payables (excluding deferred income)	**7,212,139**	12,341,461
Interest rate swap at fair value through profit or loss	**-**	603,058
Redeemable Participating Shares	**40,527,991**	33,552,891
Total financial liabilities	**85,589,980**	112,858,558

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 2017 and 2016 the Group was not exposed to price risk.

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 2017 the Group had entered into borrowing arrangements with four providers as detailed in note 20 and summarised below.

Provider	**Interest type**	**Interest rate per annum**
Deutsche Genossenschafts-Hypothekenbank Aktiensgesellschaft	Fixed	2.59%
Titlestone Property Lending Limited	Fixed	11.50%
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 22). 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. During the year these interest rate swap derivatives were closed out when the loans were refinanced.

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

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 during the year ended 31 August 2017.

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

26 FINANCIAL INSTRUMENTS (continued)

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 in prior years has followed 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 current and prior year end there were no active forward foreign exchange

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 2017	**Sterling**	**Euro**	**USD**	**CHF**	**Total**
	£	**£**	**£**	**£**	**£**
Trade and other receivables (excluding prepayments and VAT)	**2,457,573**	**338,477**	**-**	**-**	**2,796,050**
Cash and cash equivalents	**213,787**	**711,336**	**-**	**-**	**925,123**
Total financial assets	**2,671,360**	**1,049,813**	**-**	**-**	**3,721,173**
Loans payable	**31,339,410**	**6,510,440**	**-**	**-**	**37,849,850**
Trade and other payables (excluding deferred income)	**4,358,763**	**2,853,376**	**-**	**-**	**7,212,139**
Interest rate swap	**-**	**-**	**-**	**-**	**-**
Redeemable Participating Shares	**11,314,123**	**16,626,218**	**11,167,049**	**1,420,601**	**40,527,991**
Total financial liabilities	**47,012,296**	**25,990,034**	**11,167,049**	**1,420,601**	**85,589,980**

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), as restated	8,910,578	3,430,883	-	-	12,341,461
Interest rate swap	603,058	-	-	-	603,058
Redeemable Participating Shares	9,366,897	13,764,749	9,245,137	1,176,108	33,552,891
Total financial liabilities	79,097,037	23,340,276	9,245,137	1,176,108	112,858,558

The Group manages foreign currency risk on an overall basis. A 10% fluctuation in the Euro foreign exchange rate as at 31 August 2017 would have increased/decreased the NAV of the Fund by £788,359 (2016: £898,881). 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 company is exposed to some credit risk in relation to the amounts held as third party deposits. This risk is mitigated through the monies being 'ring fenced' and held with reputable finanacial institutions. The majority of the third party deposit amounts controlled by the Property Manager are held with National Westminster Bank p.l.c and Allied Irish Banks plc whose risk ratings are outlined below.

The Group had cash and cash equivalents of £925,123 as at 31 August 2017 (2016: £116,709). 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.

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

26 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)
As at 31 August 2017, the Group held cash and cash equivalents with the following financial institutions:

	Standard and Poor's Rating	2017 £	Standard and Poor's Rating	2016 £
Allied Irish Banks plc	A3	102,893	A-	2,437
ING Bank N.V	A1	157,494	A+	43,840
National Westminster Bank p.l.c	A2	130,290	A3	-
HSBC plc	A1+	462,368	A1	35,172
Royal Bank of Canada (Channel Islands) Limited	A1+	72,078	A1	35,260
Total Group cash and cash equivalents		**925,123**		116,709

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, all contractual maturities are reported to be within one year due to the non-going concern basis of preparation:

31 August 2017	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)	2,796,050	-	-	-	2,796,050
Cash and cash equivalents	925,123	-	-	-	925,123
	3,721,173	-	-	-	3,721,173
Financial liabilities - current					
Borrowings	(37,849,850)	-	-	-	(37,849,850)
Interest rate swap derivative	-	-	-	-	-
Trade and other payables (excluding deferred income)	(7,212,139)	-	-	-	(7,212,139)
	(45,061,989)	-	-	-	(45,061,989)
Financial liabilities - non-current					
Redeemable Participating Shares	-	-	-	(40,527,991)	(40,527,991)
	-	-	-	(40,527,991)	(40,527,991)
Liquidity Gap	(41,340,816)	-	-	(40,527,991)	(81,868,807)
Cumulative Liquidity Gap	(41,340,816)	(41,340,816)	(41,340,816)	(81,868,807)	

The above liquidity gap does not take into consideration the completed investment property which could be disposed of and the proceeds used to pay any liabilities.

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

26 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

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)	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) as restated	(12,341,461)	-	-	-	(12,341,461)
	(79,305,667)	-	-	-	(79,305,667)
Financial liabilities - non-current					
Redeemable Participating Shares	-	-	-	(33,552,891)	(33,552,891)
	-	-	-	(33,552,891)	(33,552,891)
Liquidity Gap	(76,693,083)	-	-	(33,552,891)	(110,245,974)
Cumulative Liquidity Gap	(76,693,083)	(76,693,083)	(76,693,083)	(110,245,974)	

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 was 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.

27 CAPITAL MANAGEMENT

The capital consists of Redeemable Preference Shares, see note 24. The Group's capital management objective is to maintain optimal capital structures

For the managing of capital and liquidity see note 26 for further details.

	2017	2016 as restated
	£	£
Net debt		
Borrowings - current and non-current	**37,849,850**	66,361,148
Less cash and cash equivalents	**(925,123)**	(116,709)
	36,924,727	66,244,439
Net assets attributable to holders of Redeemable Participating Shares (excluding borrowings)	**78,377,841**	99,914,039
Gearing ratio	**47.11%**	66.30%

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.

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

28 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 (Hawkhill) 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 £1,754,311 (2016: £5,166,010) for the year ended 31 August 2017 of which £Nil (2016: £1,729,964) was outstanding at the year end. The nature of fees received are as disclosed in note 9.

Crosslane Fund Managers LLP received fees totalling £708,702 (2016: £1,269,916) for the year ended 31 August 2017 of which £68,658 (2016: £948,180) was outstanding at the year end. The nature of fees received are as disclosed in note 6.

At 31 August 2017 and 31 August 2016 £520,187 was due to the Fund by Crosslane Fund Managers LLP in relation to costs of the Fund which Crosslane Fund Managers LLP has undertaken to reimburse.

Prime Student Living Limited received fees totalling £561,806 (2016: £545,553) for the year ended 31 August 2017 of which £Nil (2016: £Nil) was outstanding at the year end. The nature of fees received are as disclosed in note 10. At the current and prior end Prime Student Living Limited has a £500,000 unsecured, interest free and repayable on demand loan due to it by the Group. As at 31 August 2017 £770,509 (2016: £768,819) was due to the Group from Prime Student Living Limited with regard to Rental Guarentees.

During the year to 31 August 2017 an interest free short term loan facility of £1,100,000, with a drawdown expiry of 31 March 2017, had been made available to the Group by Crosslane Investments Limited. As at 31 August 2017 this facility was undrawn.

As at 31 August 2017 the Company owed CBB JV S.à.r.l. £1,439,296 (2016: £2,558,431) 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.

29 PRIOR YEAR ADJUSTMENT

The Financial Statements have been restated to incorporate the correction of a misclassification of Land Development Management Fees as legal and professional fees rather than capitalised expenses within investment property and an over accrual of those Land Development Management fees misclassified as legal and professional fees and other payables and accruals. The change has resulted in Net Assets at 31 August 2016 increasing by £479,388.

The effect of this change is detailed below:

Restatement of Consolidated Statement of Comprehensive income

	2016 £
Legal and professional fees, as previously stated	4,644,792
Correction of misclassification of legal and professional fees	(1,733,508)
Legal and professional fees as restated	**2,911,284**

	2016 £
Revaluation of completed investment property, as previously stated	(10,466,428)
Correction of misclassification and over accrual of Land Development Management Fees	(1,254,120)
Revaluation of completed investment property, as restated	**(11,720,548)**

	2016 £
Loss for the financial year attributable to holders of Redeemable Participating Shares, as previously stated	(15,636,837)
Correction of misclassification of legal and professional fees	1,733,508
Correction of misclassification and over accrual of Land Development Management Fees	(1,254,120)
Loss for the financial year attributable to holders of Redeemable Participating Shares, as restated	**(15,157,449)**

Restatement of Consolidated Statement of Financial Position

	2016 £
Other payables and accruals as previously stated	(3,071,309)
Correction of over accrual of Land Development Management Fees	479,388
Other payables and accruals, as restated	**(2,591,921)**

	2016 £
Net Assets as previously stated	33,073,503
Correction of over accrual of Land Development Management Fees	479,388
Net Assets, as restated	**33,552,891**

30 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.

Notes to the Consolidated Financial Statements
for the year ended 31 August 2017 (continued)

31 EVENTS AFTER THE REPORTING PERIOD

On 29 March 2018 the Group have requested to draw down the full £1,100,000 loan facility granted by Crosslane Investments Limited. At the time of signing these financial statements this request has yet to be granted, however both parties have agreed to extend the existing facility by one month to 30 April 2018 in order to allow time for negotiation of a new facility.

James Metcalf resigned from the board of directors of the Company with effective from 23 February 2018.

Unaudited Portfolio Statement

	2017	**2017**	2016	2016
	% of net asset value	**Carrying amount £**	% of net asset value	Carrying amount £
			as restated	
Completed investment property:				
Keiller Court, Dundee, Scotland				
Property	**-**	**-**	15.26%	5,118,750
Loan	**-**	**-**	(9.64%)	(3,235,603)
	-	**-**	5.62%	1,883,147
Anchor Road, Bristol, England				
Property	**31.32%**	**12,694,500**	31.96%	10,725,000
Loan	**(16.40%)**	**(6,646,477)**	(24.18%)	(8,113,963)
	14.92%	**6,048,023**	7.78%	2,611,037
Pitt Street, Newcastle, England				
Property	**-**	**-**	46.49%	15,599,844
Loan	**-**	**-**	(38.28%)	(12,844,852)
	-	**-**	8.21%	2,754,992
14 - 22 Pitt Street, Newcastle, England				
Property	**-**	**-**	55.21%	18,525,156
Loan	**-**	**-**	(30.62%)	(10,273,292)
	0.00%	**-**	24.59%	8,251,864
Vauxhall Road, Liverpool, England				
Property	**50.91%**	**20,631,000**	47.95%	16,087,500
Loan	**(29.69%)**	**(12,032,003)**	(37.63%)	(12,626,595)
	21.22%	**8,598,997**	10.32%	3,460,905
St Lawrence, Bristol, England				
Property	**52.35%**	**21,216,000**	55.60%	18,656,625
Loan	**(31.24%)**	**(12,660,933)**	(39.11%)	(13,122,200)
	21.11%	**8,555,067**	16.49%	5,534,425
Oldenburg, Germany				
Property	**11.19%**	**4,537,081**	12.50%	4,195,730
Loan	**(6.27%)**	**(2,540,418)**	(7.16%)	(2,401,175)
	4.92%	**1,996,663**	5.34%	1,794,555
Osnabruck, Germany				
Property	**17.27%**	**6,998,783**	19.29%	6,472,224
Loan	**(9.80%)**	**(3,970,023)**	(11.16%)	(3,743,468)
	7.47%	**3,028,760**	8.13%	2,728,756
Chambery, France				
Property	**21.10%**	**8,553,070**	23.50%	7,884,647
Loan	**0.00%**	**-**	0.00%	-
	21.10%	**8,553,070**	23.50%	7,884,647
Bordeaux, France				
Property	**23.10%**	**9,361,659**	26.50%	8,889,960
Loan	**0.00%**	**-**	0.00%	-
	23.10%	**9,361,659**	26.50%	8,889,960
Total completed investment property after deducting financing	**113.84%**	**46,142,239**	136.48%	45,794,288
Other net liabilities	**(13.84%)**	**(5,614,248)**	(36.48%)	(12,241,397)
	100.00%	**40,527,991**	100.00%	33,552,891