

Registered number: 11087927

ASH8 DEBT CO UK 1 PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

**LUBBOCK FINE
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB**

CONTENTS

	Page
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 8
Statement of Income and Retained Earnings	9
Balance Sheet	10
Notes to the Financial Statements	11 - 17

ASH8 DEBT CO UK 1 PLC

COMPANY INFORMATION

Directors	S McKeown G Shweiry
Company secretary	Mwlaw Services Limited
Registered number	11087927
Registered office	Second Floor 11 Pilgrim Street London EC4V 6RN
Independent auditors	Lubbock Fine Chartered Accountants & Statutory Auditors Paternoster House 65 St Paul's Churchyard London EC4M 8AB

ASH8 DEBT CO UK 1 PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report and the financial statements for the period from 1 January 2019 to 31 December 2019. The comparatives relate to the period from incorporation on 29 November 2017 to 31 December 2018.

Business review

The principal activity of the Company during the year was that of a financing company to a group that holds student accommodation.

The results for the year and the financial position of the Company are shown in the financial statements. The Company has produced a net loss in the year of £121,614 (2018 - loss £86,945). The Company has recently started trading and is expected to be profitable in the future.

Principal risks and uncertainties

The principal risk of the Company is that its debtors will be unable to pay their debts and interest due resulting in the Company being unable to pay its lenders when balances become due.

The Company's principal debtor is a fellow Group subsidiary which invests in student accommodation through its indirect subsidiaries. A risk to the Group is that due to the rising costs for students, there will be a reduction in the number of students attending university, which will impact the income of the Group and consequently the ability to repay balances due to the Company.

Details on how the Company manages its financial risk are noted in the Directors' report.

Coronavirus ("COVID-19")

The extent of the impact of the COVID-19 outbreak on the financial performance of the Company will depend on future developments, including the duration and spread of the outbreak and related restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted and this creates a material uncertainty that could cast significant doubt on the Company's ability to continue as a going concern.

Management regularly monitor the Company's working capital requirements to ensure adequate headroom for its day to day running in light of COVID-19 and annually prepare an operational model which reviews the operations of the Company for the foreseeable future including the 12 months from the date of signing the financial statements. This considers the Company's ability to repay its lenders and suppliers as payments become due and reviews whether the Company will breach any loan covenants in this period.

If COVID-19 continues for an extended period it could cause significant doubt on the ability of the Company to continue as a going concern. However, at this current time the directors consider it appropriate to prepare the accounts on a going concern basis given the forecast trading position of the Company and operational plans that have been put in place.

If the financial markets and/or the overall economy are impacted for an extended period, the Company's results could be materially adversely affected. The potential effects of COVID-19 on the financial statements cannot be determined to date and will be subject to constant monitoring throughout the year.

Financial key performance indicators

The key performance indicator of the Company is profit / loss after tax which was a net loss in the year of £121,614 (2018 - loss £86,945).

ASH8 DEBT CO UK 1 PLC

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

This report was approved by the board on 30 September 2020 and signed on its behalf.

Sean McKeown

S McKeown
Director

ASH8 DEBT CO UK 1 PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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

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

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

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

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

Directors

The directors who served during the year were:

S McKeown
G Shweiry

Financial risk management objectives and policies

The directors consider the Company's principal financial instruments to be its debtors and creditors. These instruments are used to provide finance and working capital for the Company's operations. The Company continually reviews the risks applicable to these financial statements and manage these with formal procedures including:

- Continuous review of cash flow and working capital requirements
- Ensuring compliance with loan note documentation
- Ensuring trade creditors are paid when they fall due

ASH8 DEBT CO UK 1 PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Disclosure of information to auditors

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

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

Post balance sheet events

Refer to Note 16 for details of post balance sheet events.

Auditors

Under section 487(2) of the Companies Act 2006, Lubbock Fine will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

Sean McKeown

S McKeown

Director

Date: 30 September 2020

Opinion

We have audited the financial statements of ASH8 Debt Co UK 1 Plc (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the impact of COVID-19 on the Company may cast significant doubt on the Company's ability to continue as a going concern. As stated in note 2.3, these events or conditions, along with other matters as set forth in note 2.3 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. 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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 for our audit work, for this report, or for the opinions we have formed.

Lee Facey

Lee Facey (Senior Statutory Auditor)

for and on behalf of

Lubbock Fine

Chartered Accountants & Statutory Auditors

Paternoster House

65 St Paul's Churchyard

London

EC4M 8AB

Date: 30 September 2020

ASH8 DEBT CO UK 1 PLC

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	13 month period ended 31 December 2018 £
Administrative expenses		(121,619)	(86,945)
Operating loss		(121,619)	(86,945)
Interest receivable		3,238,790	3,667,848
Interest payable and expenses	7	(3,238,785)	(3,667,848)
Loss before tax		(121,614)	(86,945)
Tax on loss		-	-
Loss after tax		(121,614)	(86,945)
Retained earnings at the beginning of the year		(86,945)	-
		(86,945)	-
Profit for the period		(121,614)	(86,945)
Retained earnings at the end of the year		(208,559)	(86,945)

The notes on pages 11 to 17 form part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Current assets			
Debtors: amounts falling due after more than one year	9	106,222,798	108,945,033
Debtors: amounts falling due within one year	9	993,207	983,160
Cash at bank and in hand	10	5,153,790	5,401,099
		<u>112,369,795</u>	<u>115,329,292</u>
Creditors: amounts falling due within one year	11	(11,541,562)	(13,769,654)
Net current assets		100,828,233	101,559,638
Creditors: amounts falling due after more than one year	12	(100,986,792)	(101,596,583)
Net liabilities		<u>(158,559)</u>	<u>(36,945)</u>
Capital and reserves			
Called up share capital	14	50,000	50,000
Profit and loss account	15	(208,559)	(86,945)
		<u>(158,559)</u>	<u>(36,945)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Sean McKeown

S McKeown
Director

Date: 30 September 2020

The notes on pages 11 to 17 form part of these financial statements.

1. General information

ASH8 Debt Co UK 1 Plc is a public company limited by shares and incorporated in England and Wales with registered number 11087927. The registered office and principal place of business is Second Floor, 11 Pilgrim Street, London, EC4V 6RN.

The Company's functional and presentational currency is GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.29 to 12.36;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of ASH8 UK Hold Co plc as at 31 December 2019 and these financial statements may be obtained from Companies House.

2.3 Going concern

Management monitor the Company's working capital requirements and with the support of its parent company and related entities, the directors consider it is appropriate to prepare the financial statements on a going concern basis. This assumes that the Company will continue in operational existence with the continued support of its parent company and related entities for the foreseeable future and for at least 12 months after the signing of the financial statements.

The impact of the COVID-19 outbreak on the financial performance of the Company will depend on future developments, including the duration and spread of the outbreak, the continuing restrictions and the impact of COVID-19 on the overall economy, all of which are highly uncertain and cannot be predicted and this creates a material uncertainty that could cast significant doubt on the Company's ability to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of the assets to their recoverable amounts, provide for further liabilities that may arise and reclassify fixed assets as current assets.

2. Accounting policies (continued)

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.7 Debtors

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

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

2.9 Creditors

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

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of

2. Accounting policies (continued)

2.10 Financial instruments (continued)

financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no key sources of estimation uncertainty that impact the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,000	9,000

5. Employees

There were no employees in the year (2018 - none).

6. Interest receivable

	2019 £	2018 £
Interest receivable from group companies	3,238,785	3,667,848
Bank interest receivable	5	-
	<u>3,238,790</u>	<u>3,667,848</u>

7. Interest payable and similar expenses

	2019 £	2018 £
Loan note interest payable	3,238,785	3,667,848

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

8. Taxation

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(121,614)	(86,945)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(23,107)	(16,520)
Effects of:		
Unrelieved tax losses carried forward	23,107	16,520
Total tax charge for the year/period	-	-

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%, which was substantively enacted after the balance sheet date.

9. Debtors

	2019 £	2018 £
Due after more than one year		
Amounts owed by group undertakings	106,222,798	108,945,033
	2019 £	2018 £
Due within one year		
Amounts owed by group undertakings	973,108	963,708
Prepayments and accrued income	20,099	19,452
	993,207	983,160

10. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	5,153,790	5,401,099

11. Creditors: Amounts falling due within one year

	2019 £	2018 £
Loan notes	2,433,772	4,468,450
Amounts owed to group undertakings	9,098,790	9,301,204
Accruals and deferred income	9,000	-
	<u>11,541,562</u>	<u>13,769,654</u>

Refer to note 12 for details of security against loan notes.

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

	2019 £	2018 £
Loan notes	100,986,792	101,596,583

Fixed bank loan notes incur interest at 3.651% and indexed bank loan notes incur interest at 0.419% plus indexation, are secured by way of fixed and floating charges over the assets of the company and fellow group companies and are repayable by 31 December 2055.

13. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Loan notes	2,433,772	4,468,450
Amounts falling due 1-2 years		
Loan notes	2,464,899	2,304,101
Amounts falling due 2-5 years		
Loan notes	5,095,453	6,957,343
Amounts falling due after more than 5 years		
Loan notes	93,426,441	92,335,139

14. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
50,000 (2018 - 50,000) Ordinary shares of £1.00 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

15. Reserves**Profit and loss account**

Includes all current retained profits and losses less dividends paid.

16. Post balance sheet events

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Company will depend on future developments, including the duration and spread of the outbreak and related restrictions and the impact of COVID-19 on the overall economy, all of which are highly uncertain and cannot be predicted. If the overall economy is impacted for an extended period, the Company's income may be materially adversely affected.

17. Controlling party

The company's immediate parent company and the parent of the largest and smallest group in which the results of the company are consolidated is ASH8 UK Hold Co Plc, incorporated in England and Wales, with registered office address Second Floor, 11 Pilgrim Street, London, EC4V 6RN. The consolidated accounts of this company are publically available and can be obtained from Companies House.

The ultimate holding company is Arlington Student Holdings (No.8) Limited, a company incorporated in Jersey.