Company Number 10456685

Student Finance Plc

Annual reports and financial statements

For the year ended 31 December 2019

Student Finance Plc
Company registration number 10456685

Contents

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Strategic report for the year ended 31 December 2019

The directors present the strategic report of Student Finance Plc (the "Company") for the year ended 31 December 2019.

Incorporation, principal activities, business review and future developments

The Company, a public limited Company, was incorporated under the Companies Act 2006, as a special purpose vehicle on 1 November 2016 in the United Kingdom and registered in England and Wales.

On 7 March 2017 (the "Closing Date"), the Company, as part of a securitisation transaction, raised funding by the issuance of £215,000,000 secured fixed rate notes (the "Notes") with a final maturity date due on 30 September 2029. The Company advanced the proceeds from the Notes issuance to PBSA RE Holdings S.à.r.l, formerly known as GL Europe RE Holdings S.à.r.l. (the "Borrower") under the terms of an Issuer/Borrower Loan Agreement (the "Loan"). The Borrower had acquired thirteen student residential accommodations located in the England and Wales (the "Property Portfolio") and used the funds received to pay for the Property Portfolio. As per the latest valuation report, dated 31 March 2020, the market value of the Property Portfolio is £541,590,000. The previous valuation was £515,480,000, dated 31 March 2019.

The Notes are secured over the Loan and the Loan is secured by first charges over the Property Portfolio. The transaction documents are structured to ensure that the proceeds received from payment of the Loan are used to meet payment of the Notes.

The primary source of funds available to the Borrower for payment of principal, interest and fees in respect of the Loan is the receipt of dividends and capital reductions from BSREP II PBSA Midco S.à.r.l and its subsidiaries (the "Group") and receipt of interest, fees and principal from intra-group loans.

As at 31 December 2019 the Loan balance was £215,000,000 (2018: 215,000,000). The Loan was initially issued on 7 March 2017 for an amount of £215,000,000. The interest and principal repayment schedule of the Loan is the same as the redemption schedule of the Notes, and therefore the Loan has an interest rate of 2.6663% per annum. The final maturity date of the Loan is the day falling three business days prior to 30 September 2024. The Notes are listed on the Irish Stock Exchange and are limited recourse obligations of the Company.

To provide credit enhancement and liquidity support a liquidity facility in the amount of £3,900,000 (2018: £3,900,000) (the "Liquidity Facility") has been made available to the Company. As at 31 December 2019 there had been no drawings on the Liquidity Facility.

Detailed information on the Company's business activities are set out in the offering circular dated 7 March 2017 (the "Prospectus") which also includes the terms and conditions of the Notes.

The directors do not anticipate any changes to the present level of activity, or the nature of, the Company's business in the foreseeable future.

On 23 June 2016, the UK voted to exit the European Union ("EU") and left the EU on 31 January 2020. However, with no trade deal currently reached, it is difficult to determine the financial impact on the Company at this stage. There is a risk of financial instability, for example a detrimental effect on the UK economy or the performance of the rental market, this may ultimately impact the underlying borrowers' ability to repay the Loans. However, in the worst case scenario the Loans are a limited recourse obligation of the SPV (Special Purpose Vehicle), therefore payment of them is dependent upon redemptions on the Receivables.

Results

The Statement of Comprehensive Income is set out on page 18 and shows the profit for the year.

Key performance indicators, principal risks and uncertainties

The directors consider the key performance indicators of the Company to be the principal balance of the Loan and the market value of the Property Portfolio. The profit after taxation was £9,720 (2018: £9,720). The profit for the year arose mainly due to the accrued fees receivable from the Borrower, the amount is payable semi-annually in arrears.

The outstanding of the loan balance is £250,000,000 (2018: £250,000,000).

Interest payments made to noteholders during the year amounted to £250,603 (£250,603).

No impairment losses (2018: £nil) were recognised during the year 31 December 2019

Other key performance indicators are the credit ratings assigned to the Notes. There have been no changes in the credit rating of these Notes since their original rating of BBB by Standard & Poor's.

COVID-19

On 31 December 2019, the World Health Organisation ("WHO") was informed that a limited number of cases of pneumonia, of an unknown cause, were detected in Wuhan, Hubei. On 7 January 2020, Chinese authorities identified a new type of coronavirus (COVID-19) as the cause. The first cases of COVID-19 were confirmed in Hong Kong on 23 January 2020.

Since 31 December 2019, the development and spreads of COVID-19 has resulted in the occurrence of a multitude of associated events. Among these are the identification of the virus, its spreads in the terms of number of infected and geographical prevalence, action taken by government and non-governmental organizations, actions taken by private entities, and the resulting economic effects of these.

The Company will continue to monitor the potential impact COVID-19 may have on the Company, and will make necessary adjustments to its financial statements should this happen.

Further information on the impact of COVID-19 on going concern is stated within the going concem section in the Directors' report on page 6.

Financial instruments

The Company's activities expose it to a number of risks and uncertainties as summarised below and discussed in more detail in the Prospectus under the section Risk Factors. Risk management is predetermined based on the terms of the Prospectus and is summarised below under Financial instruments.

The Company's financial instruments comprise the Loan, the Notes and cash at bank.

The primary risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The nature of these risks is detailed below.

Credit risk

Credit risk reflects the risk that the Borrower or other transaction parties will not meet their obligations as they fall due.

Credit risk *(continued)*

The Company's business objective rests on the issue of Notes and to provide a Loan to the Borrower under the terms of an Issuer/Borrower Loan Agreement. The Borrower has used the proceeds to finance the underlying student residential accommodations located in the England and Wales. The Borrower's ability to make payments at each payment date under the term of loan will depend on the ability of the borrower to continue to let the Properties on economically favourable terms. The weighted average occupancy of the property portfolio as at 31 December 2019 was 98.26% (2018: 88.6%). The LTV ratio at the date of inception was 53.2%. At year end, the LTV ratio was 39.7% (2018: 41.7%) based on latest valuation report dated 31 March 2020.

During the year the Loan was performing in accordance with the terms of the loan agreement and the borrower made all the payments that were due. Additionally, as at the year end the directors are not aware of any other impairment triggers and as such no impairment provision was made during the year.

Liquidity risk

Liquidity risk reflects the risk that the Company will encounter difficulty in raising funds to meet commitments associated with all its liabilities, should the actual cash flows from its assets differ from those expected.

The Company's assets are financed by the Notes. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets being funded.

The Notes are limited recourse obligations of the Company. The ability of the Company to meet its obligations under the Notes will be principally dependent on the receipt of funds from the Borrower under the terms of Issuer/Borrower Loan Agreement.

The Company has available a Liquidity Facility to manage any remaining liquidity risk (note 13). In the event that the Company has insufficient funds available to pay interest and/or principal on the Notes, the Company, under certain conditions and to the extent funds are available, is obliged to draw on the Liquidity Facility to meet its obligations to the noteholders.

Currency risk

The Company is not exposed to currency risk as all its financial instruments are denominated in GBP.

Interest rate risk

Interest rate risk exists where interest rates on assets and liabilities are either set according to different bases or reset at different times.

Both the Loan and the Notes are measured at amortised cost and bear matching interest at a fixed rate. Therefore the Company is not deemed to be exposed to interest rate risk.

Capital management

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

Section 172(1) statement

Section 172(1) of Companies Act 2006 requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term,
b) the interests of the Company's employees,
c) the need to foster the Company's business relationships with suppliers, customers and others,
d) the impact of the Company's operations on the community and the environment,
e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
f) the need to act fairly as between members of the Company.

As a special purpose vehicle the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The directors have had regards to the matters set out in section 172(1) of Companies Act 2006 as follows:

With reference to the likely consequences of any decision in the long term, the Transaction Documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and in accordance with relevant securitisation legislation.

The matters set out in subsections (b)-(f) have limited or no relevance to the Company for the following reasons:

- The Company has no employees;
- The Company has appointed various professional third parties to perform certain roles governed by the Transaction Documents. Fee arrangements have been agreed in advance and invoices have been paid strictly in accordance with the transaction documents including a priority of payments, if applicable;
- As a special purpose vehicle, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment and
- The Company has a sole member with the issued shares all held on a discretionary trust basis for charitable purposes.

In accordance with section 426B of Companies Act 2006 a copy of this statement is available at:

https://www.intertrustgroup.com/our-services/capital-markets-services/public-transactions

Approved on behalf of the Board

Susan Abrahams
per pro **Intertrust Directors 1 Limited**
as Director

10 August 2020

Student Finance Plc
Company registration number 10456685

Directors' report for the year ended 31 December 2019

The directors present their Annual report together with the audited financial statements of the Company for the year ended 31 December 2019.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading for at least 12 months from the date of signing of the financial statements versus the likelihood of either intending to or being forced to either cease trading or to place the Company into liquidation.

The obligations of the Company to pay amounts due on the Notes are limited to the application of receipts from the Loan under the terms of the priority of payments as set out in the terms and conditions of the Notes. If on full realisation of the security, insufficient funds exist to settle the liabilities owed to the noteholders, there will be no further recourse to the Company. However, if there is a Note Event of Default due to insufficient funds to settle amounts due to the Noteholders, it may result in the Trustee declaring all the notes to be immediately repayable.

The Directors are mindful of the risks associated with the current COVID-19 outbreak and have performed an analysis of the potential impacts to the Company when assessing the going concem status. Due to the limited recourse nature of the Loan, the ultimate risk is borne by the Noteholders. The directors have analysed the information received following the interest payment date in June 2020 and performed a sensitivity analysis that shows if the rental income drops by over 50% over the next 12 months, there is still sufficient rental income to pay the interest on the Loan. Based on the forecasted student occupancy rates in the next 12 months and the rental income received at the latest interest payment date, the director has assessed that an Event of Default is unlikely to occur. Furthermore there is a liquidity facility in place which would cover any shortfall the Company needs to meet its ongoing obligations. However, the ability to renew and draw on the liquidity facility, and pay amounts due on the Notes depends on the terms and conditions set out in the transaction documents. If there is an ongoing impact of Covid-19 that reduces rental income due to for example a longer period of lockdown or the suspension of on campus University activities, such that the Company may not meet its payment obligations on the Notes, and then a Note Event of Default could be triggered. At this point, the Company may not be a going concern.

The weighted average occupancy of the property portfolio as at 31 December 2019 was high at 98.26% (2018: 88.6%) with a reasonably low LTV ratio of 39.7% (2018: 41.7%) based on the latest valuation report dated 31 March 2020. However COVID-19 has meant a lot of uncertainty and both the occupancy rate and valuation of the property could be impacted if the impact of Covid-19 reduces the rental income as described above.

Taking the above into account, the directors consider that it is appropriate to use the going concem basis in preparing the financial statements but these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Disclosures included in the Strategic report

The Company has elected to include the information on future developments in the business of the Company, exposure of the Company to the risk on financial instruments and the management of such risk as per Schedule 7 of the "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008" in the Strategic report, as the Directors consider those matters to be of strategic importance to the Company.

Corporate governance

The directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

Corporate governance *(continued)*

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

Due to the nature of the securities which have been issued on the Irish Stock Exchange, the Company is exempt from Disclosure and Transparency Rules (DTR) 7.1 audit committees and 7.2 corporate governance statements with the exception of DTR 7.2.5 set out below. The directors are therefore satisfied that there is no requirement for an audit committee or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement. An audit committee would not be appropriate for the Company because the Company is an issuer of asset-backed securities and all activities of the Company are governed by the transaction documents which were predetermined at the time of issuance.

DTR 7.2.5 requires a description of the main features of the issuer's internal control and risk management systems in relation to the financial reporting process. The directors are responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process.

Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The directors have established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process.

The directors are responsible to evaluate and discuses significant accounting and reporting issues as the need arises. The directors are responsible to examine and evaluate the external auditors' performance, qualifications and independence.

The directors are responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting.

Share capital

The issued share capital consists of £12,501 comprising 49,999 quarter paid and 1 fully paid ordinary shares of £1 each.

Directors and their interests

The directors of the Company during the year, and up to the date of signing the financial statements were:

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Daniel Jaffe

The directors do not recommend the payment of a dividend.

None of the directors have any beneficial interest in the ordinary share capital of the Company. None of the directors had any interest during the year in any material contract or arrangement with the Company.

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the annual reports and financial statements.

Company secretary

Intertrust Corporate Services Limited (previously known as SFM Corporate Services Limited) was appointed on 1 November 2016 and served as the Company secretary to the year end, and up to the date of signing of the financial statements.

Statement of disclosure of information to the auditor

The directors confirm that:

a) so far as the directors are aware, there is no relevant information of which the Company's auditor is unaware; and

b) each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Independent auditor

The auditor, Deloitte LLP, was appointed by the directors as the auditor of the Company during the year under review and is to remain in office until the conclusion of the Company's first annual general meeting. Having expressed their willingness to continue in office and pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP will be proposed at the forthcoming annual general meeting.

Approved on behalf of the Board

Susan Abrahams
per pro **Intertrust Directors 1 Limited**
as Director

10 August 2020

Student Finance Plc
Company registration number 10456685

Statements of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with Companies Act 2006 and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company 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" ("FRS102").

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

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

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Student Finance plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- financial position;
- the statement of changes in equity;
- the statement of cash flows;
- the related notes 1 to 16.

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).

2. 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements, which indicates that there is a degree of uncertainty about future student occupancy rates and the valuations of the properties charged as collateral to the loan asset in the academic year 20/21. If there is an ongoing impact of Covid-19, there is a possibility of a reduction in the rental income being received by PBSA RE Holdings S.A.R.L ("the borrower") due to for example a longer period of lockdown or the suspension of on-campus university activities, such that the company may not receive sufficient interest income from the borrower to meet its payment obligations on the Notes in the next 12 months, and a Note Event of Default set out in the transaction documents could be triggered.

In response to this, we:

- Evaluated the company's financial position and assessed management's cash flows assumptions by performing a sensitivity analysis on the ability of the company to meet payment obligations if there is a fall in the rental income.
- Challenged management's assessment on the ability of the borrower to meet the loan payment obligations through obtaining the latest financial information of the borrower and the borrower's guarantors.
- Assessed the company's undrawn liquidity facility and the terms for renewal, withdrawals and utilisation of facility proceeds to cover payment requirements.
- Reviewed the valuation report obtained by the company in respect of the loan collateral dated 31 March 2020.

As stated in note 1, these events and conditions, along with the other matters as set forth in note 1 to the financial statements, 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.

4. Summary of our audit approach

Key audit matters	*The key audit matters that we identified in the current year were:* • *Loan loss provisioning* • *Going concern (see material uncertainty relating to going concern section)* Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used in the current period was £2.15m which was determined on the basis of 1% (2018:1%) of gross loan assets.
Scoping	All of the work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	In the current year, we considered going concern a key audit matter because there is a material uncertainty in respect of the future level of rental income received by the borrower due to the impact of Covid-19. There were no other significant changes to our approach.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty relating to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

5.1. Loan Loss Provisioning

Key audit matter description	As disclosed in Note 7, the company's loan asset balance of £215m (2018: £215m) is comprised of 1 loan (2018: 1 loan) as at year end which has been originated to support student housing development. Management's process for assessing impairment on the loan has focused on the property portfolio valuation, loan to value ratio in relation to the collateralised properties and occupancy rates. The assessment requires management judgement to determine the recoverability of the loan asset in light of the borrower's repayment history and its ability to repay the loan, including the timing of future cash flows. Due to the high level of judgements involved, such as the incorrect rates used in the loan provisioning assessment we have determined that there was a potential for fraud through possible manipulation of this balance. We identified a fraud risk that the loan asset may have shown particular indicators of impairment which had not been identified or reflected in management's assessment of impairment. This particularly includes consideration of the financial condition of the borrower and the borrower's guarantors and the loan to value ('LTV') ratio.
How the scope of our audit responded to the key audit matter	To scope our audit and respond to the key audit matter, we have: • We obtained an understanding of management's accounting process and assessed the design and implementation of controls relevant to assessing the loan asset for potential impairment. • We evaluated management's methodology and the reasonableness of judgements used by management in performing their impairment assessment. We reviewed the loan asset for indications of impairment, in line with the requirements of FRS 102. In particular, we reviewed the repayment history of the borrower, the borrower's including the borrower guarantors' financial conditions, the financial covenant requirement and the ultimate LTV ratio in relation to the loan asset's collateral. • We assessed the headroom between the valuation of student properties and the carrying amount of the gross loan asset balance to test indicators of impairment.
Key observations	From the work performed, we concur with management's assessment that no impairment should be recognised as at 31 December 2019.

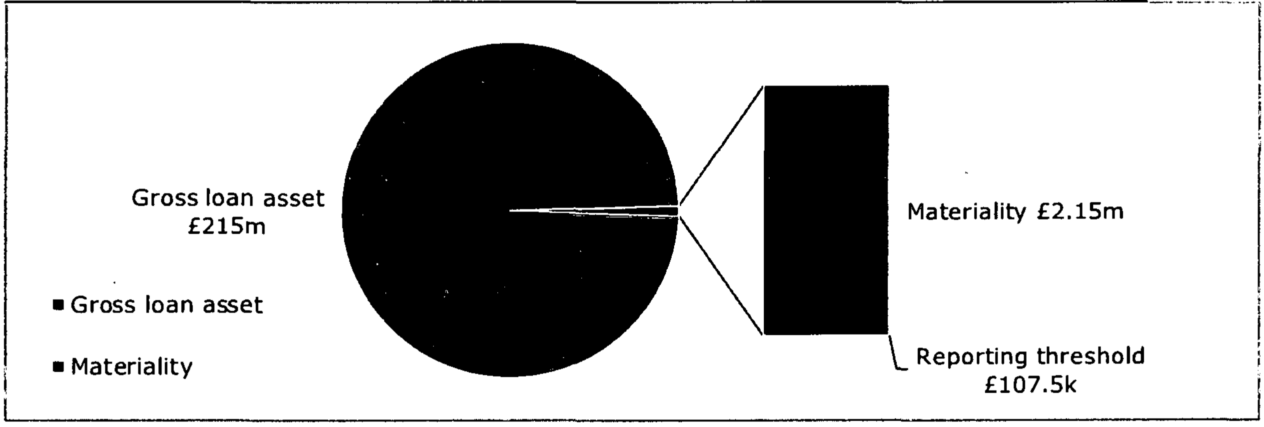
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£2.15m (2018: £2.15m)
Basis for determining materiality	1% of gross loan assets (2018: 1%)
Rationale for the benchmark applied	The key balance of the financial statements of the company are loan asset as this comprises the majority of the total asset balance as well as being the driver for interest income.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit (2018: 70%).In determining performance materiality, we considered the factor following:

- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods;
- our risk assessment, including our assessment of the company's overall control environment.

6.3. Error reporting threshold

We agreed with those charged with governance that we would report to those charged with governance all audit differences in excess of £107.5k (2018: £43k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. Based on our professional judgement, the reporting threshold was increased from 2% to 5% compared to the prior year. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. We performed our scoping on the basis of whether we determined the balance to be material, whether quantitatively or qualitatively.

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report including the Strategic Report, the Directors Report and the Statement of directors' responsibilities, 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 respect of these matters.

9. Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

10. 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance ;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists including IT specialists and Centre of Credit Excellence ('CCE'), regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: loan loss provisioning. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006, Irish Stock Exchange Listing Rules and the UK Taxation of Securitisation Regime.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company ability to operate or to avoid a material penalty. These included the company's operating license and regulatory solvency requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified loan loss provisioning as key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, those charged with governance concerning actual and potential litigation and claims;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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 any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters

14.1. Auditor tenure

Following the recommendation of those charged with governance, we were appointed by the board of Student Finance Plc on 27 March 2018 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, covering the years ending 31 December 2017 to 31 December 2019.

14.2. Consistency of the audit report with the additional report to those charged with governance

Our audit opinion is consistent with the additional report to those charged with governance we are required to provide in accordance with ISAs (UK).

15. Use of our report

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

Simon Stephens

Simon Stephens (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

10 August 2020

Student Finance Plc
Company registration number 10456685

Statement of comprehensive income for the year ended 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
Interest receivable and similar income	2	5,732,545	5,732,545
Interest payable and similar expenses	3	(5,732,545)	(5,732,545)
Net interest expense		-	-
Other operating income		194,636	229,523
Operating expenses		(182,636)	(217,523)
Profit before taxation	4	**12,000**	**12,000**
Tax on profit	6	(2,280)	(2,280)
Profit for the financial year	11	**9,720**	**9,720**
Total other comprehensive income		-	-
Total comprehensive income for the financial year		**9,720**	**9,720**

All amounts relate to continuing activities.

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

Student Finance Plc
Company registration number 10456685

Statement of financial position as at 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
Fixed Assets			
Loan receivable	7	215,000,000	215,000,000
Current Assets			
Debtors	8	290,539	290,539
Cash		43,830	34,110
Total current assets		**334,369**	**324,649**
Creditors: amounts falling due within one year	9	**(292,751)**	**(292,751)**
Net current liabilities		**41,618**	**31,898**
Total assets less current liabilities		**215,041,618**	**215,031,898**
Creditors: amounts falling due after more than one year	9	**(215,000,000)**	**(215,000,000)**
Net assets		**41,618**	**31,898**
Capital and reserves			
Called up share capital	10	12,501	12,501
Profit and loss account	11	29,117	19,397
Total equity		**41,618**	**31,898**

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

The financial statements on pages 18 to 33 were approved and authorised for issue by the Board on 10 August 2020, and were signed on its behalf by;

Susan Abrahams
per pro **Intertrust Directors 1 Limited**
as Director

Student Finance Plc
Company registration number 10456685

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
Balance as at 1 January 2018	**12,501**	**9,677**	**22,178**
Total comprehensive income for the financial year	-	9,720	9,720
Balance as at 31 December 2018 and 1 January 2019	**12,501**	**19,397**	**31,898**
Total comprehensive income for the financial year	-	9,720	9,720
Balance as at 31 December 2019	**12,501**	**29,117**	**41,618**

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

Student Finance Plc
Company registration number 10456685

Statement of cash flows for the year ended 31 December 2019

	31 December 2019 £	31 December 2018 £
Cash flows from operating activities		
Profit on ordinary activities before taxation	12,000	12,000
Interest receivable on Loan	(5,732,545)	(5,732,545)
Interest payable on Senior Loan Facility	5,732,545	5,732,545
Net cash from operating activities before tax	**12,000**	**12,000**
Taxation Paid	(2,280)	(2,391)
Net cash from operating activities	**9,720**	**9,609**
Cash flows from investing activities		
Interest received on Loan	5,732,545	5,732,545
Net cash from/ investing activities	**5,732,545**	**5,732,545**
Cash inflow before financing activities	**5,742,265**	**5,742,154**
Cash flows from financing activities		
Interest paid on Notes	(5,732,545)	(5,732,545)
Net cash from financing activities	**(5,732,545)**	**(5,732,545)**
Increase in cash in the year	**9,720**	**9,609**
Cash and cash equivalents at the beginning of the year	**34,110**	**24,501**
Cash and cash equivalents at the end of the year	**43,830**	**34,110**

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

1 Accounting policies

Student Finance Plc (the "Company"), a public Company with limited liability status, was incorporated as a special purpose Company on 1 November 2016 in the United Kingdom and registered with the Company number 10456685 in England and Wales under the Companies Act 2006. The registered office of the Company is 1 Bartholomew Lane, London, EC2N 2AX.

Basis of accounting

The financial statements of Company are prepared on a going concern basis, under the historical cost convention modified to include certain items at fair value, in accordance with FRS 102 issued by the Financial Reporting Council. The Company has adopted and is in compliance with Financial Reporting Standard 102 for the year ended 31 December 2019. The Company has adopted in full IAS 39 with respect to the recognition and measurement of financial instruments.

The accounting policies which have been applied consistently throughout the year to the Company's financial statements are set out below. The directors have adjusted the format of the statement of comprehensive income and the balance sheet as allowed under Companies Act 2006. In the opinion of the directors, net interest income is a more appropriate measurement of the Company's performance than turnover and cost of sales.

Basis of preparation - going concern
In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading for at least 12 months from the date of signing of the financial statements versus the likelihood of either intending to or being forced to either cease trading or to place the Company into liquidation.

The obligations of the Company to pay amounts due on the Notes are limited to the application of receipts from the Loan under the terms of the priority of payments as set out in the terms and conditions of the Notes. If on full realisation of the security, insufficient funds exist to settle the liabilities owed to the noteholders, there will be no further recourse to the Company. However, if there is a Note Event of Default due to insufficient funds to settle amounts due to the Noteholders, it may result in the Trustee declaring all the notes to be immediately repayable.

The Directors are mindful of the risks associated with the current COVID-19 outbreak and have performed an analysis of the potential impacts to the Company when assessing the going concern status. Due to the limited recourse nature of the Loan, the ultimate risk is borne by the Noteholders. The directors have analysed the information received following the interest payment date in June 2020 and performed a sensitivity analysis that shows if the rental income drops by over 50% over the next 12 months, there is still sufficient rental income to pay the interest on the Loan. Based on the forecasted student occupancy rates in the next 12 months and the rental income received at the latest interest payment date, the director has assessed that an Event of Default is unlikely to occur. Furthermore there is a liquidity facility in place which would cover any shortfall the Company needs to meet its ongoing obligations. However, the ability to renew and draw on the liquidity facility, and pay amounts due on the Notes depends on the terms and conditions set out in the transaction documents. If there is an ongoing impact of Covid-19 that reduces rental income due to for example a longer period of lockdown or the suspension of on campus University activities, such that the Company may not meet its payment obligations on the Notes, and then a Note Event of Default could be triggered. At this point, the Company may not be a going concern.

The weighted average occupancy of the property portfolio as at 31 December 2019 was high at 98.26% (2018: 88.6%) with a reasonably low LTV ratio of 39.7% (2018: 41.7%) based on the latest valuation report dated 31 March 2020. However COVID-19 has meant a lot of uncertainty and both the occupancy rate and valuation of the property could be impacted if the impact of Covid-19 reduces the rental income as described above.

1 Accounting policies (continued)

Basis of preparation - going concern (continued)
Taking the above into account, the directors consider that it is appropriate to use the going concern basis in preparing the financial statements but these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Currency

The financial statements are prepared in sterling, which is the functional currency of the Company. Numbers are rounded to the nearest pound unless otherwise disclosed.

Financial instruments

In accordance with Section 11 of Financial Reporting Standard 102, the provisions of IAS 39 have been adopted in full with respect to the recognition and measurement of financial instruments.

Segmental analysis

The Company's operations are carried out in the United Kingdom and the results and net assets are derived from its acquisition of the Loans and therefore the directors only report in one business and geographic segment.

Loan and Notes

The Loans are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market. They are classified as loan receivable. Loans and related transaction costs are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Subsequent increases in recoverable amounts of the Loans, which can be objectively related to an event occurring after previous impairment losses have been recognised, are recorded in the Statement of comprehensive income to the extent previous impairment losses have been taken through the Statement of comprehensive income. The reversal shall not result in a carrying amount of the Loans that exceeds the amortised cost had no impairment been recognised.

The Notes issued by the Company are initially recognised at fair value on the date of their issuance and are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or issue costs that are an integral part of the EIR.

Cash

Cash comprise cash balances at bank.

All withdrawal from the Company's bank account are restricted to the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used to other purposes.

1 Accounting policies *(continued)*

Impairment

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivables has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are recognised in the statement of comprehensive income and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If in a subsequent year the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment.

Interest receivable and similar income and interest payable and similar charges

Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities is determined using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

Taxation

The Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. As a result, no deferred tax amounts are recognised.

Under the powers conferred by the Act, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met and an election being made, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation Company' will be calculated by reference to the profit of the securitisation Company required to be retained in accordance with the relevant capital market arrangement. The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation.

Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Accounting policies *(continued)*

Use of estimates and judgments (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies:

Impairment of financial assets- Management is required to judge whether financial assets are impaired at the balance sheet date.

The directors considered the following factors, which can be an indication of an impairment loss:

- Whether the market value of the property portfolio is lower than the carrying amount of the loan asset.
- Whether the borrower and the borrower's guarantors are unlikely to meet the payment obligations to the Company.

The considerations undertaken are detailed in the Impairment accounting policy.

Key sources of estimation uncertainty:

The key sources of estimation uncertainty involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of the Company's financial condition and that have a significant effect on the amounts recognised in the financial statements, are discussed below:

Impairment losses on the Loan

The level of potential credit losses on the Loans is uncertain and could depend on a number of micro and macro-economic factors that may affect repayment conditions and the value of the underlying collateral.

The Company assesses impairment provisions based on historical and incurred loss experience and will calculate and recognise impairment when there is objective evidence of an impairment event having occurred, for example a missed repayment, in line with the stated accounting policy on impairment.

During the year the Loan was performing in accordance with the terms of the loan agreement and the borrower made all the payments that were due. Additionally, as at the year end the directors are not aware of any other impairment triggers and as such no impairment provision was made during the year hence no estimation needed.

2 Interest receivable and similar income

	31 December 2019 £	31 December 2018 £
Interest on loan receivable	5,732,545	5,732,545
	5,732,545	**5,732,545**

3 Interest payable and similar expenses

	31 December 2019 £	31 December 2018 £
Interest expense on the Senior Loan Facility	5,732,545	5,732,545
	5,732,545	**5,732,545**

4 Profit on ordinary activities before taxation

	31 December 2019 £	31 December 2018 £
This has been arrived at after charging:		
Auditors' remuneration		
Audit of the Company's annual financial statements	33,000	30,900
	33,000	**30,900**

5 Directors and employees

The Company has no employees (2018: nil) and services required are contracted from third parties. The directors received no remuneration from the Company in respect of qualifying services rendered during the year (2018: nil). Please see related party note 16 for details of corporate services fees payable to a related party for the provision of director services.

6 Tax on profit on ordinary activities

For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)'. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the Transaction. In accordance with the prospectus the Company is expected to retain £6,000 on each interest payment date (the "IPDs").

a) Analysis of the Company charge in the year

	31 December 2019 £	31 December 2018 £
UK corporation tax charge on the profit for the year	2,280	2,280
	2,280	**2,280**

6 Tax on profit on ordinary activities *(continued)*

b) Factors affecting the Company current tax charge for the year

	31 December 2019 £	31 December 2018 £
Profit before taxation	12,000	12,000
Current tax charge at 19% (2018: 19%)	2,280	2,280
Effects of:		
Accounting profits not considered for tax purposes in accordance with SI 2006/3296	(2,280)	(2,280)
Cash retained profit taxed in accordance with SI 2006/3296	2,280	2,280
Total tax charge	**2,280**	**2,280**

The current effective UK corporation tax rate for the financial year is 19% (2018: 19%). The UK corporation tax rate will remain at 19% until 31 March 2022.

7 Loan receivable

	31 December 2019 £	31 December 2018 £
Loan receivable	215,000,000	215,000,000
Closing balance	**215,000,000**	**215,000,000**

The Maturity profile of the loan is as follows:

	31 December 2019 £	31 December 2018 £
In more than five year	215,000,000	215,000,000
	215,000,000	**215,000,000**

8 Debtors

	31 December 2019 £	31 December 2018 £
Amounts falling due within one year		
Other debtors	290,539	290,539
	290,539	**290,539**

9 Creditors

	31 December 2019 £	31 December 2018 £
Amounts falling due within one year		
Accrued interest payable	250,603	250,603
Accrued expenses	39,936	39,936
Corporation tax liability	2,212	2,212
	292,751	**292,751**
Amounts falling due after more than one year		
Notes	215,000,000	215,000,000
	215,000,000	**215,000,000**

10 Called up share capital

	31 December 2019 £	31 December 2018 £
Called up, allotted, authorised and issued		
Ordinary shares of £1 each: 49,999 - quarter paid	12,500	12,500
Ordinary shares of £1 each: 1 fully paid	1	1
	12,501	**12,501**

The Company is not subject to any externally proposed capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement. The ordinary shares do not confer any rights on redemption.

11 Profit and loss account

	31 December 2019 £	31 December 2018 £
Opening balance	19,397	9,677
Profit for the financial year	9,720	9,720
As at 31 December	**29,117**	**19,397**

12 Reconciliation of movements in total equity

	31 December 2019 £	31 December 2018 £
Opening balance	31,898	22,178
Issue of shares (see note 10)	-	-
Profit for the financial year	9,720	9,720
Closing balance	**41,618**	**31,898**

13 Financial instruments

The nature of the financial instruments used during the year to mitigate credit risk, liquidity risk currency and interest rate risk is shown in the Strategic Report under the heading 'Financial Instruments'.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The Company's exposure to risk on its financial instruments and the management of such risk is largely determined from inception of the securitisation transaction. The Company's activities and the role of each party to the transaction are clearly defined in the Prospectus.

The table below shows the classification of the financial instruments of the Company at the year end.

31 December 2019	**Loans and receivables at amortised cost**	**Financial liabilities at amortised cost**	**Total carrying value**
	£	**£**	**£**
Assets			
Loan	215,000,000	-	215,000,000
Cash at bank and in hand	43,830	-	43,830
Other debtors	290,539	-	290,539
	215,334,369	-	**215,334,369**
Liabilities			
Notes	-	215,000,000	215,000,000
Accrued interest payable	-	250,603	250,603
	-	**215,250,603**	**215,250,603**

31 December 2018	**Loans and receivables at amortised cost**	**Financial liabilities at amortised cost**	**Total carrying value**
	£	**£**	**£**
Assets			
Loan	215,000,000	-	215,000,000
Cash at bank and in hand	34,110	-	34,110
Other debtors	290,539	-	290,539
	215,324,649	-	**215,324,649**
Liabilities			
Notes	-	215,000,000	215,000,000
Accrued interest payable	-	250,603	250,603
	-	**215,250,603**	**215,250,603**

13 Financial instruments *(continued)*

Credit risk

The ability of the Company to meet its obligations to make principal and interest payments on the Notes and to meet its operating and administrative expenses is dependent on the extent that it has such amounts available to it.

The maximum exposure to credit risk as stated above arising on the Company's financial assets at the reporting date is disclosed in the table below and is equivalent to the carrying value of the financial assets.

	Carrying value 31 December 2019 £	Maximum exposure 31 December 2019 £	Carrying value 31 December 2018 £	Maximum exposure 31 December 2018 £
Assets				
Loan receivable	215,000,000	215,000,000	215,000,000	215,000,000
Cash at bank and in hand	43,830	43,830	34,110	34,110
Other debtors	290,539	290,539	290,539	290,539
	215,334,369	**215,334,369**	**215,324,649**	**215,324,649**

The credit quality of the Loan is summarised as follows:

	Carrying value 31 December 2019 £	Carrying value 31 December 2018 £
Loan receivable	215,000,000	215,000,000
Past due but not impaired	-	-
Past due and impaired	-	-
	215,000,000	**215,000,000**

The LTV is currently 39.7% (2018: 41.7%) based on 31 March 2020 valuation report.

Market risk

Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors.

The Company is exposed to market risk in the form of interest rate risk.

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar.

Interest on the Notes is determined and payable semi-annually in arrears. As at 31 December 2019 the following rates were applicable:

13 Financial instruments *(continued)*

Loan Note Facility	£	Interest rate as at 31 December 2019	£	Interest rate as at 31 December 2018
Loan Note Facility	215,000,000	Fixed rate 2.6663%	215,000,000	Fixed rate 2.6663%
	215,000,000		**215,000,000**	

The Notes are limited recourse obligations dependent on receipt of principal and interest from the Loans on each IPD.

The Company is not exposed to interest rate risk because the Loan is subject to a fixed interest rate.

Currency profile

All of the Company's financial assets and liabilities are denominated in sterling.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. The Company's ability to meet payments on the Notes as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayment on the Loan.

In the event that the Company has insufficient funds available to pay interest and/or principal on the Notes, the Company, under certain conditions and to the extent funds are available, is obliged to draw on the Liquidity Facility to meet its obligations to the noteholders.

The Notes are subject to mandatory redemption in part on each interest payment date in an amount equal to the principal received or recovered in respect of the Loans. If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on the interest payment date falling in September 2029. However, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make repayments of interest on the Notes to the extent that payments are received from the Loan.

The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet date of all financial instruments.

2019	Carrying Value	Gross cash flows	In less than 1 month	After 1 month but within 3 months	After 3 months but within one year	After 1 year but within 5 years	After 5 years
	£	£	£	£	£	£	£
Notes	215,000,000	215,000,000	-	-	-	-	215,000,000
Interest payable or notes	250,603	55,943,358	-	-	5,748,251	22,945,886	27,249,221
Total as at 31 December 2019	**215,250,603**	**270,943,358**	**-**	**-**	**5,748,251**	**22,945,886**	**242,249,221**

13 Financial instruments *(continued)*

Liquidity risk *(continued)*

2018	Carrying Value	Gross cash flows	In less than 1 month	After 1 month but within 3 months	After 3 months but within one year	After 1 year but within 5 years	After 5 years
	£	£	£	£	£	£	£
Notes	215,000,000	215,000,000	-	-	-	-	215,000,000
Interest payable on notes	250,603	61,675,902	-	-	5,732,545	22,945,886	32,997,471
Total as at 31 December 2018	**215;250,603**	**276,675,902**	**-**	**-**	**5,732,545**	**22,945,886**	**247,997,471**

Fair value of financial assets and liabilities

Financial Reporting Standard 102 in relation to the nature of the financial instruments that are measured in the balance sheet at fair value requires them to be put into a fair value measurement hierarchy based on fair value measurement as detailed below:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There are no financial instruments included in the Company's statement of financial position that are measured at fair value.

14 Events after the reporting period

Since the end of the reporting period there has been a global pandemic from the outbreak of Coronavirus which is causing widespread disruption to financial markets and normal patterns of business activity across the world, including the UK. There is a degree of uncertainty about the next twelve months and difficult to assess how COVID-19 will impact the level of occupancy in the student accommodation and thereby rental income. The directors have assessed the impact of Covid-19 in Note 1.

As at the last interest payment date in June 2020, there were no interest defaults or default of the covenant by the borrower.

The UK exited the European Union ("EU") on 31 January 2020 and entered into a transition period which is to end on 31 December 2020. However, with no trade deal currently reached, it is difficult to determine the financial impact on the Company at this stage.

In March 2020, the Company changed its registered office to 1 Bartholomew Lane, London, EC2N 2AX.

The liquidity facility held by the company at a value of £3,900,000 matured on 4th March 2020 and was extended a further 364 days from this date in order to further provide credit enhancement and manage liquidity risk.

15 Controlling party

The Company's immediate parent Company is Student Finance Holdings Limited, a Company incorporated in the United Kingdom. The entire share capital of Student Finance Holdings Limited is held by the legal parent Company, Intertrust Corporate Services Limited (previously known as SFM Corporate Services Limited), which holds the share in trust for the benefit of certain discretionary objects detailed in a Share Trust Deed.

The ultimate parent and controlling party and the largest group in which the results of Student Finance Plc are included in is Brookfield Asset Management Inc, which is incorporated in Toronto, Canada. The consolidated financial statements of Brookfield Asset Management may be obtained from Brookfield Place, 181 Bay Street, Suite 300, Toronto, Ontario, M5J 2T3, Canada or from the Company's website at www.brookfield.com.

The smallest undertaking of which the Company is a member, for which group financial statements are prepared is BSREP II PBSA Midco S.a.r.l., a Company incorporated in Luxembourg. Group financial statements for this Company are prepared and are available to the public from 19, rue Eugene Ruppert, L-2453 Luxemboug.

16 Related party transactions

During the year fees of £9,919 (2018: £4,402) were prepaid and £42,322 (2018: £31,025) were paid to Intertrust Management Limited for the provision of corporate administration services including the provision of director services to the Company. There was nothing outstanding at the year end.

Intertrust Corporate Services Limited is a wholly owned subsidiary of Intertrust Management Limited.

The following transactions occurred between the Company and a fellow group undertaking PBSA RE Holdings S.A.R.L. ('the Borrower'):

- At the end of the year the Company had a loan receivable due from the Borrower of £215,000,000 (2018: £215,000,000). As mentioned in the Strategic Report, the Loan is secured by first charges over the Property Portfolio.
- During the year the Company received interest of £5,732,545 (2018: £5,732,545) from the Borrower, of which £250,603 (2018: £250,603) was outstanding at the year end.
- The Company also received other operating income of £200,153 (2018: £229,523) from the Borrower during the year of which £30,017 (2018: £35,534) was outstanding.