DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

Registered number 12899215

SCAPE LIVING PLC

Annual report and consolidated financial statements for the year ended 30 September 2023

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

SCAPE LIVING PLC

Annual report and consolidated financial statements for the year ended 30 September 2023

Contents

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

SCAPE LIVING PLC

COMPANY INFORMATION

Directors
Thomas Ward
Simon Drewett (resigned 11 November 2022)
Neil Townson (resigned 11 November 2022)
Ravi Neville (appointed 11 November 2022)
Leonardus Hertog (resigned 23 May 2024)
Adam Brockley (Alternate Director)
Charlotte Robinson (appointed 23 May 2024)
John Webber (Alternate Director) (appointed 29 May 2024)

Secretary
Crestbridge UK Limited (Resigned 11 November 2022)
Link Company Matters Limited (appointed 11 November 2022)

Registered Number
12899215

Registered Office
Central Square
29 Wellington Street
Leeds
LS1 4DL

Independent Auditor
Deloitte LLP
110 Queen Street
Glasgow
G1 3BX

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

SCAPE LIVING PLC

STRATEGIC REPORT

The Directors present their strategic report for Scape Living Plc and its subsidiaries (together the "Group") for the year ended 30 September 2023.

Principal activity

Scape Living Plc ("the Company") is a Real Estate Investment Trust ("REIT") listed on The International Stock Exchange (St Peter Port, Guernsey). The principal activity of the Group is that of the rental of purpose-built student accommodation, residential and commercial buildings located in the UK. The principal activity of the Company is that of a Holding Company.

Business review

As at 30 September 2023, the Group owned ten properties, with Circus Street being held for sale as at 30 September 2023.

Asset	Primary use	Tenure
Mile End	Student accommodation	Freehold
Guildford	Student accommodation	Freehold
Guildford 2	Student accommodation	Leasehold
The Guild	Co-living residential	Leasehold
Wembley	Student accommodation	Freehold
Shoreditch	Student accommodation	Leasehold
Bloomsbury	Student accommodation	Freehold
Kingsway	Commercial	Leasehold
Circus St	Student accommodation and office	Leasehold
Hammersmith	Development of student accommodation	Freehold

On 21 October 2022, one of the Company's subsidiaries, Talgarth UK Holdco Ltd, completed a corporate acquisition containing a £70m development site under a forward funding agreement for a purpose-built student accommodation building. Talgarth UK Holdco Ltd has entered into the forward funding contract with the vendor and uses an agreed contractor to undertake the construction. The maximum commitment under the contract is £173m. As at 30 September 2023, the spend to date is £90.3m.

The Group has planning permission to build a 713 bed purpose-built student accommodation building on the site which is due to be completed and open to students for the 2025/2026 academic year. The building is well underway with the core and slabs constructed to the 10th floor as at 30 September 2023.

SCAPE LIVING PLC

STRATEGIC REPORT (CONTINUED)

Business review (continued)

During the year, the decision was made to sell the Circus St asset. The asset comprises a student accommodation block, fully let to an academic institution under a nomination agreement, and an office block. The Group's strategy is to build and operate student accommodation and city living and as such, as there is no direct involvement with the student lettings, the Board's decision was to divert the cash into assets that enable it to better focus its expertise. The asset is being marketed for sale.

Occupancy has increased to 91% in the year to 30 September 2023 (2022 - 79%) and is nearly fully booked for the 2023/24 academic term time, demonstrating a strong demand for all-inclusive student accommodation that is well located and visually appealing.

Principal risks and uncertainties

Market risk

The Board consider the main market risks to be the weakening of property values and high inflation.

There is increased risk around property valuations in light of interest rate rises. While the economic environment is stabilising, high inflation in operating costs and wages is prolonging the high interest rate environment and delaying the recovery in UK market conditions. The operational performance of the portfolio is very strong, counter balancing macroeconomic conditions. Demand for UK higher education is stable, and there is persistent undersupply in Scape's asset locations meaning market fundamentals remain intact.

Inflation has steadied over recent months and the risk of inflationary increases to the Group's operating costs is deemed to have decreased from the prior year. The Directors remain vigilant of price increases to the cost base of the business, though to date and for the coming academic year, the Directors are confident that the contractual rent and the inflationary rise seen in the rates achieved will mitigate the overall risk, which is deemed to have decreased in the year.

Liquidity risk

The Group has a £200m shareholder loan in place. After the year end, this loan was extended to 7 June 2025. The Directors intend to repay the loan in the near term using funds obtained from the new loan secured on the Hammersmith asset, a loan due to be secured on the Kingsway asset and proceeds from the sale of the Circus Street asset. The remaining loan balance will be capitalised as share capital.

The assets generate sufficient cash to meet the external loan interest and running costs of the operational assets. In order to meet the development payments under the forward funding agreement at Hammersmith the remaining £55m of bank loan secured on the asset and £69m of commitments from APG will be utilised. Of this balance, £15m was drawn down on 24 October 2023.

The Board monitors the cash flows generated by the Group to ensure that sufficient funds are available to service the Group's liabilities as and when they fall due. Please see the Viability Statement on page 5 for further details on future cash flow.

The liquidity risk is deemed to be the same as the prior year.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

Principal risks and uncertainties (continued)

Interest Rate Risk

The Group makes use of senior debt finance secured against investment properties. As at 30 September 2023, the loans were subject to a fixed rate of interest. Subsequent to the year end, a new loan has been secured on the Hammersmith property. The new loan is on a floating rate and an interest rate swap has been taken out for the full length of the loan to lower the Group's exposure to interest rate movements. The swap covers 80% of the loan notional amount and hence there will remain some risk around interest rates rising further.

As such, the Group's exposure to interest rates is deemed to have increased from the prior year.

Credit Risk

Tenant credit risk is substantially diversified by the number of individual tenancies in place. Residential leases to individuals make up 94% of the Group's revenue. As such, the tenant credit risk is deemed to be managed by the substantially diversified number of individual tenancies in place. To mitigate the risk of tenants defaulting on their obligations, deposits are required to secure a booking and rent is paid in advance of the start of each academic year. Tenant credit risk is less diversified for the commercial tenants which form the remaining 6% of the Group's gross income. However, the tenant risk is managed by reviewing commercial tenant quality at the point an asset is purchased, before a new lease is signed and annually thereafter. Given the higher occupancy levels, this risk is deemed to be lower than the prior year.

The Group's cash and cash equivalents are held with Barclays PLC. The Directors note that the bank has a high credit ratings as assigned by international rating agencies.

Other risks

Price risk is deemed to be relatively low. In advance of the start of each academic year, the rental price for the year is set and agreed with each tenant on signing their contract. During the budgeting process, the property manager reviews operational demand and prevailing market prices in order to set the rate for the following year. Management and the property manager are comfortable that there are no indications that the current pricing model will not continue to be acceptable to students for the foreseeable future. There is no change to the deemed level of risk.

The Board continues to monitor compliance with REIT regulations to ensure the Group maintains the right to continue to operate as a REIT for UK tax purposes. In particular, the group monitors its PID requirements to ensure it distributes 90% of its rental profits. On 6 June 2023, the Group declared a property income distribution ("PID") of £9.8m which was paid via cash and scrip on 22 June 2023. Although the Board has ultimate responsibility for ensuring adherence, it has appointed PricewaterhouseCoopers LLP as tax advisor to aid with compliance and offer subject matter expertise. There is no deemed change to this risk level.

The capital of the Group comprises the called up share capital in relation to ordinary shares, share premium account and retained earnings. The Group's objective when managing capital is to ensure the Group continues as a going concern and is able to meet its liabilities as and when they fall due.

The Group does not have any foreign exchange exposures.

Viability statement

The Directors have made an assessment of the viability of the Company. In making the assessment, the Directors have looked beyond the period analysed in the going concern assessment and reviewed its viability over a five year period to September 2028. The Directors deem 5 years to be a reasonable period over which to review its viability. It provides sufficient time to assess the future business whilst still allowing a reasonable level of certainty.

The Directors have considered the financial position of the Company and its subsidiaries. In doing so, they have considered the potential impact on the Company's principal risks and uncertainties detailed on pages 3 and 4 as well as the Company's management of its exposure to these risks.

The Group's assets are performing well with high occupancy levels across the properties and a strong net operating income. The Directors forecast the occupancy levels to remain high though have stress tested a reduction in student occupancy to ensure the business is still viable should circumstances change.

The occupied buildings generate sufficient cash to operate the buildings, cover corporate administrative costs and the loan interest payments. Commitments under the forward-funding development agreement amount to £173m, of which £82.7m remains to be incurred as at 30 September 2023. On 18 December 2023, further funding was secured on the Hammersmith asset. The Group intends to utilise funds from this debt raise, alongside capital commitments from APG and Talgarth UK Holdco Ltd's minority interest partner to fund the remaining contract commitments.

The new £105m loan facility was agreed with National Westminster Bank plc. Under the new agreement, the loan is due for repayment on the earlier of the drawing of the investment facility and the termination date of 31 January 2026. The termination date may be extended up to a year at the Group's discretion should there be a delay to the development at Hammersmith with an interest rate of SONIA plus 3.20% margin. A 4.75% interest rate swap has been taken out to reduce the Group's exposure to interest rate movements. The swap covers 80% of the loan notional for the duration of the loan.

Overall, the Directors are of the view that the Company is a viable business that can continue to operate over the medium to long term.

Financial key performance indicators

Management consider the below to be the Group's main KPI's.

Financial key performance indicator	2023 Result	2022 Result
Revenue	£49,683,000	£33,747,000
Gross profit	£35,792,000	£24,228,000
(Loss)/Profit before tax	(£38,220,000)	£45,159,000
Investment property valuation (note 14)	£1,139,142,000	£1,160,309,000
Fair value (loss)/gain on investment property (note 14)	(£48,862,000)	£37,774,000
Net assets	£595,423,000	£641,393,000
Cash balance	£31,230,000	£105,095,000

Non-financial performance indicator	2023 Result	2022 Result
Occupancy rate	91%	79%
Average number of beds	2,618	2,336
GRESB score	85	77

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

STRATEGIC REPORT (CONTINUED)

Financial key performance indicators (continued)

Revenue and Gross profit have increased 47% and 48% respectively in the year. This is due to a number of factors: Increased occupancy, an increase in rents charged per room and an increase in the average number of beds. In the year ended 30 September 2022, 6 of the 9 assets held at the year end were acquired during the year and hence did not generate a full year's worth of revenue.

The result before tax has fallen from a £45.2m profit in the prior year to a £38.2m loss in the current year as a result of a fall in the value of the investment property portfolio. The fall in value of the properties is due to current valuation yield increases seen across the market rather than reduction in quality or profitability of the buildings.

Cash has reduced 70% due to dividends paid in the year, utilising operational cash to fund the development work at Hammersmith and refurbishment works at a number of assets.

Environmental, Social and Corporate Governance

Environmental, social and corporate governance (ESG) is a core, fully integrated component of our overall business strategy. Our commitment to the planet, along with our impact on it, is an integral part of our vision to unlock potential for not only the people who call our buildings home but the wider neighbourhoods and cities we are a part of. We also pride ourselves as an organisation who puts our residents and employees at the heart of everything we do and as such we strive to continually improve our ESG performance as a business.

Environment

As part of the Group's commitment to provide sustainable living spaces the Board have sought to demonstrate best practice by aligning performance against nationally and internationally recognised industry standards. In this way, the Board can authentically demonstrate the Group's aim to operate efficient buildings to reduce any environmental impact and provide assurance to all stakeholders. The Board seek to achieve this in two ways, first through the Global Real Estate Sustainability Benchmark or GRESB standard and secondly, through the BREEAM In-Use certification process.

In 2023 The Group submitted its second annual GRESB submission, a voluntary disclosure which is independently verified. GRESB is a means for organisations to compare its ESG performance against similar domestic, European and International organisations. GRESB is trusted by 170 institutional investors and more than 2,200 fund managers, companies and asset operators to improve decision-making. The Group scored 85 points out of a possible 100, an improvement of 8 points compared to the previous year. This improved performance saw the Group place second in the UK and Northern Ireland for Residential Student Housing group and 37th out of 158 organisations within the residential category across Europe.

The Board recognises the Group's environmental impact spans the whole lifecycle of a property and as such it is committed to maintaining BREEAM In-Use certification status across the portfolio. The Board are pleased to report the portfolio is certified to BREEAM In-Use and it will continue to maintain and enhance performance for current and new locations accordingly.

Aligning to these independent standards allows the Group to effectively manage its impacts responsibly and is how the Board embed resilience into the business in the context of significant environmental risks, rising stakeholder expectations and increasingly stringent legislation. To bind this together, in 2024 the Group will be seeking external accreditation of our Environmental Management System to ISO 14001.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

Social

With several thousand residents across the UK portfolio and 126 employees, the Group has the potential and responsibility to create a positive impact on their experience, whether that's at work or within our residents' home. Residents' health and wellbeing and sense of belonging is vital to the success of the business and a priority in terms of how the assets are run. Treating employees well contributes to high engagement and satisfaction, which in turn contributes to the success of the business and investor returns.

The Group has a suite of policies in place to support a positive environment for its employees. These include equal opportunities, ethics, employee wellbeing, maternity and family friendly, flexible working and harassment and bullying, which are documented and available to all employees in the Employee Handbook. Robust Health and Safety practices at all sites is vital to provide a safe working environment and is the epitome of the Group's corporate values.

To ensure positive stewardship, the Group employs a Health and Safety Manager who oversees said practices and organises face-to-face training for employees on first aid, fire warning and mental health, delivered by an external specialist, along with online refresher courses.

In the year ended 30 September 2023, the Group also increased its community outreach by engaging with charities to support its endeavours to work with local schools and authorities. One such example is the partnership formed with Future Frontiers; an award-winning charity with the purpose to provide disadvantaged young people with the guidance, networks and opportunities they need to realise their potential at school and beyond. Together the business has begun an internship programme designed for 14- to 16-year-olds to help them to reach their full potential by having a better understanding of potential career options they may want to explore. Eight of the Group's employees coach students on a 1-2-1 basis to help them discover possible pathways to a future career of interest.

As a Group we have also begun the first phase of our apprenticeship scheme, with the first apprentice starting in 2023. This is extremely important to the Group because, as the business grows, it can ensure it has safeguarded and cultivated the right professional skills within its employee base to provide opportunities for professional and personal growth where possible. Furthermore, the business has introduced 'Birthday Leave' for all employees and a 'Volunteering Day' to support charitable organisations employees may have a strong affinity with either independently or through activities generated by our charitable partnerships.

Governance

The Group operates with integrity and adheres to high standards of corporate governance and ethics.

The Board of Directors comprises three males. When considering the appointment of new Directors, the Board will actively consider a range of factors including the expertise and experience required in a prospective candidate and the diversity, including the gender and ethnicity, of the Board.

The Group is governed by its Board which includes a non-executive director. The Board meets on a quarterly basis with additional meetings when required.

The Board has delegated financial reporting and the annual audit oversight to the audit committee. Audit quality and robust challenge were key factors in the decision to re-appoint the auditors. The auditors also have a solid understanding of the business and its processes which the audit committee believe enables them to be both efficient and more readily understand the inflows and outflows of the Group.

The Board operates an Equal Opportunities Policy which all employees of the Group must adhere to.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

Diversity

The Group aims to be socially responsible, and employees are committed to promoting an inclusive, positive and collaborative culture. We treat everyone equally irrespective of age, sex, sexual orientation, race, colour, nationality, ethnic origin, religion, religious or other philosophical belief, disability, gender identity, gender reassignment, marital or civil partner status, or pregnancy or maternity. We continue to review our approach to diversity, equality and inclusion. We recognise our workforce and customers are from a diverse range of people so we need to ensure that our workplace remains inclusive and allows our people and our customers a place where they can thrive. The ambition is the pursuit of diversity and equality initiatives as an integral part of operations.

In addition, the Group also aims to ensure the health and wellbeing of our employees and provides ongoing support through a number of initiatives. Some examples include our comprehensive employee assistance programme, access to gym facilities, and robust health and safety policies and procedures.

Board's Obligations under Section 172 of the Companies Act

This section of the report explains how the Directors of the Group have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would most likely promote the success of the Group for the benefit of its members, having regards the stakeholders in matters set out in Section 172 of the Companies Act 2006. The board recognises the importance of maintaining a reputation for high standards of business conduct.

The key stakeholders of the Group include the tenants, shareholders, local communities, employees, suppliers and debt providers. This statement explains how Scape Living Plc directors have engaged with the key stakeholders of the Group.

In reaching decisions the board considers the need to act fairly, balancing the needs of different stakeholder groups. An example of this includes decisions to refurbish buildings when required. Shareholders and debt providers are supportive of projects which protect the value of the building, but existing tenants will experience disruption. For each refurbishment project, the board will ask the property manager to set out plans to ensure the works fully consider the concerns of the existing tenants.

Tenants
The Board engages with tenants through its property manager, who engages with tenants on a daily basis, through on-site interaction, regular social events and tenant surveys. All Scape buildings have employees available on a 24-hour basis to keep tenants safe and secure. The Scape app provides a further means through which tenants can engage actively with the property manager employees.

The Board takes its responsibility over the provision of accommodation beyond just providing a room. University is the first time living away from home for many students and mental health is an important part of our resident's well-being. Following feedback from tenants, we now offer a well-being section on the Scape app and are adding more well-being focused events to the social calendar offered to ease the transition.

There is strong alignment of incentives between tenant engagement and the financial performance of the Group. The Group makes significant efforts to retain tenants for successive academic years and is aware that many new tenants come to Scape following a recommendation from past or current tenants.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

Board's Obligations under Section 172 of the Companies Act (continued)

Shareholders
The Board engages with its shareholders by way of quarterly Board meetings attended by employees of the shareholder companies, both as directors and as attendees of the meeting. The quarterly Board meeting considers all aspects of group performance including financial performance and operational performance.

During the year, the Board consulted the shareholders on decisions made. This included consulting shareholders on decisions surrounding the acquisition of Hammersmith via corporate acquisition and the decision to sell Circus Street. In each case, the Directors would engage with shareholders in advance of board meetings.

In addition, general meetings of the shareholders were held to consider matters such as approving the annual financial statements and issuing new share capital.

Local Communities
The Board acknowledges the significant impact its buildings have on local communities, particularly during the development stage where there can sometimes be conflict between the desire to maximise the potential of a site and respecting the local community's concerns over any changes. The Board ensures feedback is received from local stakeholders via public consultants held in close proximity to the sites, along with a bespoke website that promoted the proposals and invited feedback.

Contact phone numbers and addresses were also provided for those without access to the internet as well as flyers sent via postal communication, with each flyer providing a freepost return envelope for recipients to use.

As a result of feedback, the height of the Hammersmith building has been reduced and the public realm design improved.

Feedback has also been sought at the Kingsway site, though fewer comments have been received.

The assets bring with them a number of benefits to the local community including job opportunities. The Board is committed to hiring local people to work in the sites where possible. Increased residential buildings also increase footfall for local businesses.

Employees
Via its employment company, Scape Operations Limited, the group employs circa 126 (2022 – 89) employees based on a monthly rolling average. Most of the employees are permanently based at property asset sites, performing roles such as cleaning, maintenance, front-of-house.

The Group works hard to train and retain its employees. This includes supporting employees with learning and development through annual personal development plans, on-site training, an online learning platform to support mandatory training and enable employees to have access to a library of content for personal development. The training we offer employees includes health and safety compliance training, data security, equality and diversity training, wellbeing, mental health awareness, leadership, and management training.

To engage, attract and retain employees we offer a wide range of employee benefits including wellbeing support, progression opportunities, family support, reward, and recognition programmes.

The Board values its employees highly and takes steps to ensure they feel valued and listened to. To obtain feedback the Group undertakes an annual employee satisfaction survey. This is sent to all employees to complete anonymously and covered employee satisfaction, engagement at work and in their roles. This has enabled the business to calculate a net promoter score to enable the Board to bench mark our satisfaction score with competitors.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

STRATEGIC REPORT (CONTINUED)

Board's Obligations under Section 172 of the Companies Act (continued)

The business also gained feedback on personal development; company benefits and the recruitment process. Following the results of the survey the Board moved forward with a reward and retention strategy. This includes introducing further employee benefits to attract new starters, employee benefits to reward length of service to increase retention, additional training opportunities, and salary reviews. The feedback also encouraged more effective communication around the culture and benefits that attract and retain employees.

Staff retention is a key metric for the Board as it not only acts as a strong indicator of employee satisfaction but the additional experience of the assets also aligns with the Group's strategy of offering a superior level of service in the longer term.

As our employee retention increases, the Group has introduced stay interviews, to collate feedback to what the employee values about their job and the culture at Scape. This is another opportunity the discover any further feedback on how to continue to improve employee experience.

Suppliers
The Group relies on the property manager to procure suppliers such as a maintenance services, lifecycle works, development works and constructions works. The property manager maintains strong relationships with suppliers to ensure that they have the right skill set and accreditations to undertake the work in the Group's buildings. This is vital to ensure work undertaken and goods received maintain the high safety standards and cosmetic appearance that the Board requires. The property manager provides regular feedback to the Board, including at the quarterly Board meeting that the property manager attends. The Board directly procures certain professional services such as valuation advice and monitors the performance of such services on an annual basis.

Debt Providers
The Group has debt financing in place, secured against certain investment property assets, provided by debt providers. The Group relies on the property adviser to maintain regular communication with the debt providers to keep the informed of the financial and operational performance of the property assets.

In addition, each debt provider requires quarterly management information on the property assets over which they have security.

The property adviser keeps the board informed of any proposed changes debt transactions and provides a quarterly update of financial covenant performance.

DocuSigned by:
Ravi Nevile
3F61C82CA58D4E0...

Ravi Neville
Director

Date: 31-05-2024

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

DIRECTORS REPORT

The Directors present their report and the audited consolidated financial statements for the year ended 30 September 2023.

Directors

The names of all persons who were Directors during the year and up to the date of signing are:

Thomas Ward
Simon Drewett (resigned 11 November 2022)
Neil Townson (Alternate Director) (resigned 11 November 2022)
Ravi Neville (appointed 11 November 2022)
Leonardus Hertog (resigned 23 May 2024)
Adam Brockley (Alternate Director)
Charlotte Robinson (appointed 23 May 2024)
John Webber (Alternate Director) (appointed 29 May 2024)

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with United Kingdom adopted International accounting standards in conformity with the Companies Act 2006.

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 Group and Company and of the profit or loss of the Group and Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

Disclosure of information to the auditors

In the case of each Director in office at the date the Directors' Report is approved:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Group and Company's auditors are unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group and Company's auditors are aware of that information.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

DIRECTORS REPORT (CONTINUED)

Results and dividends

The Group's loss for the year, after taxation and non-controlling interests, amounted to £38,269,000 (2022 - profit £45,155,000).

The Company's loss for the year, after taxation, amounted to £34,409,000 (2022 – profit £40,067,000).

Two dividends were declared during the year to 30 September 2023 (2022 - £Nil). On 9th June 2023, an ordinary dividend of £6,867,299 (£0.65 per ordinary share) was declared, and a scrip dividend of £3,105,546 (£63.746 per ordinary share) of which £2,484,437 was declared and paid by way of issuing new share capital. Both dividends were paid on 22 June 2023.

Going concern

The Group was loss making in the year due to investment property revaluation losses amounting to £49.3m. The operational assets performed well with an overall operating margin of 54% (2022: 55%). The Group has strong positive net assets of £595.4m but is in a net current liability position due to the shareholder loan being due for repayment in less than one year. After the year end, the £200m shareholder loan was extended to 7 June 2025 and the Group secured further debt financing of £105m.

APG has committed £69m of equity, of which £15m has been called upon in October 2023.

The Group's two existing bank loans are meeting historic and forward looking covenants as at the date of the signing of these financial statements.

In assessing the appropriateness of the going concern basis of preparation the Directors have taken into account the key risks of the business, including the Group's business model and availability of cash resources. The Directors continue to ensure compliance with both historical and forecast financial covenants.

On the assumption that the Group continues to trade as expected, and that there are no significant external shocks to the property market resulting in significant reductions in property values, the Directors have a reasonable expectation that the Group has sufficient resources to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and the Board considers it appropriate to prepare the financial statements on a going concern basis.

The Company was loss making, in a net current liability position and has positive net assets at the year end date. Management have reviewed forecasts and the payment terms of current liabilities in the context of the financial resources available and are satisfied that the Company is able to meets its liabilities as they fall due.

Post balance sheet events

For details of post balance sheet events see note 35.

Financial instruments

Details of the financial instruments of the Group are detailed in note 4 and note 25.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

DIRECTORS REPORT (CONTINUED)

Future developments

The Directors expect that the Group will continue to hold and let purpose-built student accommodation, residential and commercial assets located in the United Kingdom.

Engagement with suppliers, customers and others

The Directors of the Group have and continue to have regard for the need to foster the Group's business relationships with suppliers, customers, and other stakeholders. This regard is reflected across the decision-making process of the Board and is evident throughout the financial year.

Director's indemnities and insurance

The Group has agreed to indemnify each Director and Officer throughout the year and at the date of approval of the financial statements against liabilities incurred in relation to acts of omission arising during the ordinary course of their duties. The indemnity applies only to extent permitted by law. The Group has in place appropriate third-party Directors & Officers liability insurance cover in respect of potential legal action against its Directors and Officers. Such qualifying third-party indemnity provision remains in force as at the date of approval of the directors' report. This indemnity is subject to the conditions set out in the Companies Act 2006.

Independent auditor

The auditors, Deloitte LLP, have indicated their willingness to continue in office.

This report was approved by the Board of Directors and signed on its behalf.

DocuSigned by:
Ravi Neville
3F61C82CA58D4E0...

Ravi Neville
Director

Date: 31-05-2024

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCAPE LIVING PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Scape Living Plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statements of cash flows; and
- the related notes to the financial statements 1 to 35.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 group and the parent 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 entities, 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.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year was: • Investment Property Valuation
Materiality	The materiality that we used for the group financial statements was £12.1m (PY: £12.8) which was determined on the basis of 2% of Net Asset Value.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the group engagement team. All of the group's subsidiaries that do not have an audit exemption were subject to full scope audits.
Significant changes in our approach	In the current year, we have removed the Revenue Recognition on Rental Income and the Accounting for investment acquisition in relation to the Gemini transaction as key audit matters. Both key audit matters were impacted by the large Gemini transaction that took place in the prior year. As such, there is not the same focus in the current year audit. Identified key audit matters, our response and findings are noted in section 5 below.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenged management's assessment of going concern and the assumptions, including income, expenditure and cash forecasts, used in their 12 month and forecast models;
- Evaluated the maturity of group debt and the effect of repayment dates on the going concern assumption of the group;
- Performed sensitivity analysis of the fair value of investment property and its income, which we compared to management's stress testing;
- Reviewed banking covenants to assess compliance as at the balance sheet date and performed stress testing to cover the period looking forward 12 months from the audit report date; and
- Assessed the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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.

5.1. Investment Property Valuation

Key audit matter description	The group's investment properties are carried at fair value based on an appraisal by the group's external valuer. Valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards (the Red Book), taking into account transactional evidence during the year. The valuation is underpinned by a number of estimates and assumptions as it requires the estimation of property yields, occupancy and property management costs. A small change in these assumptions could have a significant impact on the valuation of the properties and there is an associated fraud risk relating to the valuation process. There is also a fraud risk relating to other inputs into the valuation process. This is because inputs such as number of rooms, actual rental income, historic occupancy rates are provided by management to the valuer and could be subject to manipulation by management to influence the valuation of the investment properties. The valuation of the investment property portfolio at 30 September 2023 amounted to £1,079m (2022: £1,105m). Refer to note 2 of accounting policies on pages 30, note 3 on page 37 for key sources of estimation uncertainty and note 14 on page 46 of the notes to the financial statements.
How the scope of our audit responded to the key audit matter	We carried out the following audit procedures in response to the identified key audit matter: Understanding the properties and relevant controls: • Obtained an understanding of and tested the relevant controls in relation to the investment property valuation process. Data provided to the valuer: • Challenged the accuracy and completeness of the information provided to the external valuer; this work included testing a sample of income and tenancy data back to group management information which we had tested for accuracy and completeness. External valuation: • Evaluated the competence, capability and objectivity of the external valuer; • With the involvement of our real estate valuation specialists, challenged management on their valuation process, performance of the portfolio, significant assumptions and significant judgements, by benchmarking the valuation assumptions to relevant market evidence, including specific property transactions and other external data; and • Reviewed the financial statements disclosures and assessed whether the significant judgements and estimations are appropriately disclosed.

Key observations	We concluded that the fair value of the group's investment property valuation is appropriate.

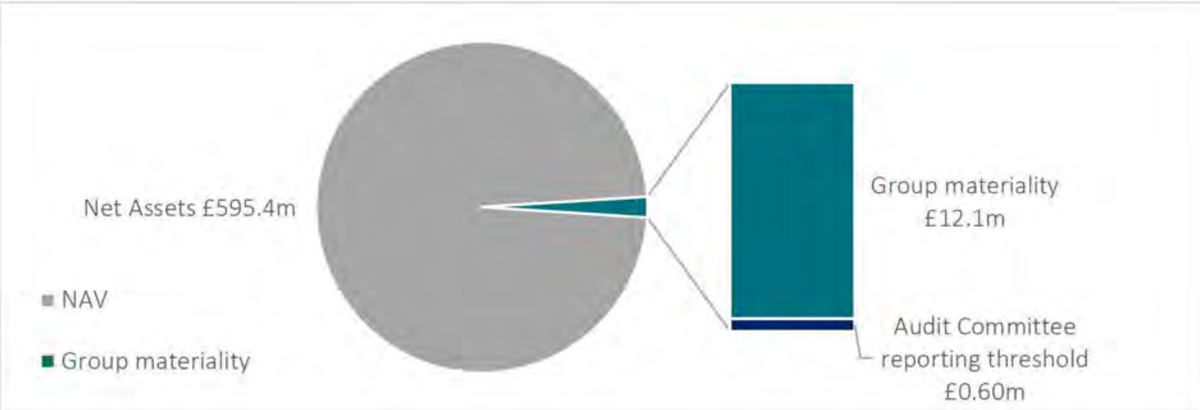
6. Our application of materiality

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:

	Group financial statements	Parent company financial statements
Materiality	£12.1m	£7.2m
Basis for determining materiality	2% of net asset value	1.3% of net asset value
Rationale for the benchmark applied	Net assets is the key balance considered by the users of the financial statements which is consistent with the market approach for such entities. Net assets was selected as a benchmark as investors are seeking capital appreciation in addition to dividend streams and the net asset value per share is an important indicator of performance to investors.	



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.

	Group financial statements	Parent company financial statements
Performance materiality	65% (2022: 70%) of group materiality	65% (2022: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. our risk assessment, including our assessment of the group's overall control environment and the appropriateness of controls over a number of business processes; b. The ongoing and continuous restructuring of the group following the Gemini transaction in the previous year; and c. the nature, volume and size of misstatements (corrected and/or uncorrected) that were identified and communicated to management in the previous audit.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.60m (2022: £0.64m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The group consists of the Scape Living PLC and its subsidiaries, which are registered across the UK and Guernsey. Our group audit was scoped by obtaining an understanding of the group and its environment, including internal controls, and assessing the risks of material misstatement at the group level. Audit work to respond to the risks of material misstatement was performed directly by the group engagement team led by the Senior Statutory Auditor. The group's subsidiaries that were not exempt from preparing audited accounts were subject to full scope audits. We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of components that were not subject to audit.

7.2. Our consideration of the control environment

From our understanding of the group and after assessing relevant controls, we evaluated the design and implementation of controls in performing our audit of rental income recorded within the group's room booking system.

We also evaluated the design and implementation and tested the operating effectiveness of relevant controls relating to the valuation of investment property, given the significance of the balance to the group.

In addition, we have obtained and understanding of the relevant controls relating to the financial reporting cycle in place at the Manager and also those in place at the outsourced accounting and administration service provider Link Alternative Fund Administrators Limited ("Link").

7.3 Our consideration of climate-related risks

We have made enquiries with management to understand the processes in place to assess the potential impact of climate change on the business and the financial statements. Management consider climate change to be a principal risk which particularly impacts the cost of retro-fitting rental-fitting rental accommodation to improve their sustainability credentials and comply with future regulations. These risks are consistent with those identified through our own risk assessment.

We have reviewed the disclosures in the principal risk section of the strategic report and consider that management has appropriately disclosed the current risk that has been identified.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the Directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group'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 relevant internal specialists, including tax and valuation specialists, 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 investment property valuation. 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 group 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 and tax legislation.

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 group's ability to operate or to avoid a material penalty. This included compliance with the Real Estate Investment Trust ("REIT") regime and The International Stock Exchange ("TISE") Listing Rules.

11.2. Audit response to risks identified

As a result of performing the above, we identified investment property valuation as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to these 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 provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit committee and external legal counsel 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
- 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 including internal specialists, 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 period 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 group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns.

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. 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.

Chris Hunter

Chris Hunter CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Aberdeen, United Kingdom

Date: 4 June 2024

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 £'000	2022 £'000
Revenue	5	**49,683**	33,747
Property expenses	6	**(13,891)**	(9,519)
Gross profit		**35,792**	24,228
Administrative expenses	7	**(10,288)**	(6,169)
Other income	8	**1,610**	647
Operating profit	9	**27,114**	18,706
Fair value gain of purchase consideration	23	**99**	689
Fair value (loss)/gain of investment properties	14	**(48,862)**	37,774
Share of profit/(loss) from joint venture	15	**-**	(2,196)
Finance income		**268**	-
Finance expense	11	**(16,839)**	(9,814)
(Loss)/Profit before taxation		**(38,220)**	45,159
Taxation	12	**(261)**	-
Total comprehensive (loss)/profit for the financial year		**(38,481)**	45,159
(Loss)/Profit for the year attributable to:			
Owners of the parent company		**(38,269)**	45,155
Non-controlling interest	29	**(212)**	4
Total comprehensive (loss)/profit for the financial year		**(38,481)**	45,159
(Loss)/earnings per share (basic)	34	**(361p)**	555p
(Loss)/earnings per share (diluted)	34	**(361p)**	555p

There was no other comprehensive income for 2023 and 2022.

The notes on pages 30 to 62 are an integral part of these financial statements.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

SCAPE LIVING PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Note	2023 £'000	2022 £'000
Assets			
Non-current assets			
Investment properties	14	**1,139,142**	1,160,309
Investment in joint ventures	15	**-**	7,602
Other receivables	19	**1,400**	1,400
Total non-current assets		**1,140,542**	1,169,311
Current assets			
Asset classified as held for sale	14 & 17	**82,140**	-
Trade and other receivables	18	**6,924**	24,325
Cash and cash equivalents	20	**31,230**	105,095
Total current assets		**120,294**	129,420
Liabilities			
Current liabilities			
Trade and other payables	21	**(44,669)**	(48,277)
Provisions	22	**(7,836)**	-
Lease liabilities	13	**(1,527)**	(1,412)
Borrowings	24	**(201,571)**	(201,500)
Total current liabilities		**(255,603)**	(251,189)
Net current liabilities		**(135,309)**	(121,769)
Non-current liabilities			
Lease liabilities	13	**(57,591)**	(53,489)
Borrowings	24	**(352,219)**	(352,660)
Total non-current liabilities		**(409,810)**	(406,149)
Net assets		**595,423**	641,393
Capital and reserves			
Called up share capital	27	**10,604**	10,565
Share premium account	28	**524,792**	522,347
Retained earnings	28	**60,235**	108,477
Equity attributable to the owners of the parent company		**595,631**	641,389
Non-controlling interest	29	**(208)**	4
Total equity		**595,423**	641,393

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

DocuSigned by:
Ravi Nevile
3E61C82CA58D4E0...

Ravi Neville
Director

Date: 31-05-2024

The notes on pages 30 to 62 are an integral part of these financial statements.

Scape Living PLC **Registered number: 12899215**

SCAPE LIVING PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Note	2023 £'000	2022 £'000
Assets			
Non-current assets			
Investment in subsidiaries	16	**651,152**	671,092
Current assets			
Trade and other receivables	18	**167,479**	70,474
Cash and cash equivalents	20	**100**	81,236
Total current assets		**167,579**	151,710
Liabilities			
Current liabilities			
Trade and other payables	21	**(53,746)**	(15,919)
Borrowings	24	**(200,000)**	(200,000)
Total current liabilities		**(253,746)**	(215,919)
Net current liabilities		**(86,167)**	(64,209)
Net assets		**564,985**	606,883
Capital and reserves			
Called up share capital	27	**10,604**	10,565
Share premium account	28	**524,792**	522,347
Retained earnings	28	**29,589**	73,971
Shareholders funds		**564,985**	606,883

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The loss for the parent company for the year was £34,409,000 (2022 - profit £40,067,000).

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

DocuSigned by:
Ravi Neville
3F61C82CA58D4E0...

Ravi Neville
Director

Date: 31-05-2024

The notes on pages 30 to 62 are an integral part of these financial statements.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Called up share capital (note 27) £'000	Share premium account (note 28) £'000	Retained earnings (note 28) £'000	Non-controlling interest (note 29) £'000	Total equity and reserves £'000
At 1 October 2021	2,253	59,242	63,322	-	124,817
Comprehensive profit for the year ended 30 September 2022					
Profit for the year	-	-	45,155	4	45,159
Total comprehensive profit for the year ended 30 September 2022	-	-	45,155	4	45,159
Shares issued (note 27)	8,312	463,238	-	-	471,550
Share issue costs	-	(133)	-	-	(133)
At 30 September 2022	**10,565**	**522,347**	**108,477**	**4**	**641,393**
Comprehensive loss for the year ended 30 September 2023					
Loss for the year	-	-	(38,269)	(212)	(38,481)
Total comprehensive loss for the year ended 30 September 2023	-	-	(38,269)	(212)	(38,481)
Ordinary dividends paid (note 28)	-	-	(6,867)	-	(6,867)
Scrip dividends paid (note 28)	-	-	(3,106)	-	(3,106)
Shares issued (note 27)	39	2,445	-	-	2,484
At 30 September 2023	10,604	524,792	60,235	(208)	595,423

The notes on pages 30 to 62 are an integral part of these financial statements.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Called up share capital (note 27) £'000	Share premium account (note 28) £'000	Retained earnings (note 28) £'000	Total equity and reserves £'000
At 1 October 2021	2,253	59,242	33,904	95,399
Comprehensive profit for the year ended 30 September 2022				
Profit for the period	-	-	40,067	40,067
Total comprehensive income for the year ended 30 September 2022	-	-	40,067	40,067
Shares issued (note 27)	8,312	463,238	-	471,550
Share issue costs	-	(133)	-	(133)
At 30 September 2022	**10,565**	**522,347**	**73,971**	**606,883**
Comprehensive loss for the year ended 30 September 2023				
Loss for the period	-	-	**(34,409)**	**(34,409)**
Total comprehensive loss for the year ended 30 September 2023	-	-	**(34,409)**	**(34,409)**
Shares issued (note 27)	**39**	**2,445**	-	**2,484**
Ordinary dividends paid (note 28)	-	-	**(6,867)**	**(6,867)**
Scrip dividends paid (note 28)	-	-	**(3,106)**	**(3,106)**
At 30 September 2023	**10,604**	**524,792**	**29,589**	**564,985**

The notes on pages 30 to 62 are an integral part of these financial statements.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Cash flows from operating activities					
(Loss)/Profit for the financial year		**(38,481)**	**(34,409)**	45,155	40,067
Adjustments for:					
Finance expense	11	**16,839**	-	9,814	-
Finance income		**(268)**	-	-	-
Fair value (gain)/loss of purchase consideration	23	**(99)**	-	(689)	1,504
Fair value loss/(gain) of investment properties	14	**48,862**	-	(37,774)	-
Share of (profit)/loss from joint venture	15	-	-	2,196	-
Impairment of investment in subsidiaries	16	-	**86,758**	-	191,097
Profit on disposal of subsidiaries	16	-	-	-	(5,829)
Non-cash dividends received		-	**(62,632)**	-	(167,214)
Decrease/(Increase) in debtors		**13,559**	**(27,160)**	32,604	39,749
Receivables written off		-	**8,000**	-	-
Increase/(Decrease) in creditors		**4,418**	**51,406**	(16,264)	(4,412)
Net cash generated from operating activities		**44,830**	**21,963**	35,042	94,962
Cash flows from investing activities					
Acquisition of subsidiaries and joint ventures		**1,993**	**(13,581)**	2,783	-
Acquisition of investment properties		**(79,044)**	-	(91,501)	-
Expenditure on investment properties		**(24,629)**	-	(1,972)	-
Advance to subsidiaries		-	**(82,030)**	-	(79,350)
Net cash used in investing activities		**(101,680)**	**(95,611)**	(90,690)	(79,350)
Cash flows from financing activities					
Proceeds from share issue	27	-	-	64,550	64,550
Repayment of lease liabilities		**(1,394)**	-	(828)	-
New loans		**7,108**	-	105,050	-
Repayment of loans		**(1,178)**	-	-	-
Interest paid		**(14,063)**	-	(10,392)	-
Dividends paid in the year		**(7,488)**	**(7,488)**	-	-
Net cash from financing activities		**(17,015)**	**(7,488)**	158,380	64,550

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	**Group 2023 £'000**	**Company 2023 £'000**	Group 2022 £'000	Company 2022 £'000
Net (decrease)/increase in cash and cash equivalents		**(73,865)**	**(81,136)**	102,732	80,162
Cash and cash equivalents at the beginning of the year	20	**105,095**	**81,236**	2,363	1,074
Cash and cash equivalents at the end of the year	20	**31,230**	**100**	105,095	81,236

Refer to note 26 for details of changes in the Group liabilities arising from financing activities, including both cash and non-cash changes.

The notes on pages 30 to 62 are an integral part of these financial statements.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 General Information

The Company is a public company, limited by shares and incorporated and domiciled in England and Wales, registered number 12899215. The address of its registered office is Central Square, 29 Wellington Street, Leeds, LS1 4DL.

These financial statements are presented in sterling (£), which is the functional currency of the Company and each of its subsidiaries and have been rounded to the nearest thousand £'000 unless indicated to the contrary.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The loss for the parent company for the year was £34,409,000 (2022 - profit £40,067,000).

2 Accounting policies

The principal accounting policies as applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the period presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared under the historical cost convention, except for investment property and deferred consideration which have been measured at fair value, and on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as it applies in the UK and in conformity with IAS 1. There were no material departures from this standard.

The preparation of financial statements in conformity with the IAS 1 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 of the financial statements.

Going concern

The Group was loss making in the year due to investment property revaluation losses amounting to £48.9m. The operational assets performed well with an overall operating margin of 55% (2022: 55%). The Group has strong positive net assets of £595.4m but is in a net current liability position due to the shareholder loan being due for repayment in less than one year. After the year end, the £200m shareholder loan was extended to 7 June 2025 and the Group secured further debt financing of £105m.

APG has committed £69m of equity, of which £15m has been called upon in October 2023.

The Group's two existing bank loans are meeting historic and forward looking covenants as at the date of the signing of these financial statements.

In assessing the appropriateness of the going concern basis of preparation the Directors have taken into account the key risks of the business, including the Group's business model and availability of cash resources. The Directors continue to ensure compliance with both historical and forecast financial covenants.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

2 Accounting policies (continued)

Going concern (continued)

On the assumption that the Group continues to trade as expected, and that there are no significant external shocks to the property market resulting in significant reductions in property values, the Directors have a reasonable expectation that the Group has sufficient resources to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and the Board considers it appropriate to prepare the financial statements on a going concern basis.

The Company was loss making, in a net current liability position and has positive net assets at the year end date. Management have reviewed forecasts and the payment terms of current liabilities in the context of the financial resources available and are satisfied that the Company is able to meets its liabilities as they fall due.

Changes in accounting policy and disclosure

New and amendments to standards and interpretations in issue but not yet effective
The following new and amendments to standards and interpretations were in issue at the date of approval of these financial statements but were not yet effective for the current accounting period and have not been adopted early.

- Amendment to IFRS 17 - Insurance contracts (effective 1 January 2023)
- Amendments to IFRS 4 - Extension of the temporary exemption from applying IFRS 9 (effective 1 January 2023)
- Amendments to IAS1 and IFRS Practice Statement 2 - Disclosure of accounting policies (effective 1 January 2023)
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction (effective 1 January 2023)
- Amendments to IAS 8 - Definition of accounting estimates (effective 1 January 2024)
- IFRS S1 - General requirements for disclosure of sustainability-related financial information (effective 1 January 2024)
- IFRS S2 - Climate-related disclosures (effective 1 January 2024)

The Directors have assessed and have concluded that the new standards including those effective in the year will not significantly impact the Group.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The consolidated financial statements present the results of the Company and its subsidiaries (the 'Group') as if they formed a single entity. A subsidiary is an entity where the Company has control over that investee. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. The results of subsidiary undertakings acquired or disposed of during the financial period are included from, or up to, the effective date of acquisition or disposal. Uniform accounting policies have been adopted across the Group.

Intercompany transactions and balances between Group companies are eliminated in full.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

2 Accounting policies (continued)

Revenue recognition

Revenue includes rental income from property leased out under operating leases and other ancillary income from the management of the investment properties.

Rental income from short term tenants is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Rental income is recognised in accordance with IFRS 16 Leases. Rental income, including fixed rental uplifts, from investment property leased out under an operating lease is recognised as revenue on a straight-line basis over the lease term. Lease incentives, such as rent-free periods and cash contributions to tenant fit-out, are recognised on the same straight-line basis being an integral part of the net consideration for the use of the investment property. Any rent adjustments based on open market estimated rental values are recognised, based on management estimates, from the rent review date in relation to unsettled rent reviews. Lease modifications are defined as a change in the scope of a lease, or the consideration of a lease, that was not part of the original terms and conditions of the lease.

Modifications to operating leases the Group holds as a lessor are accounted for from the effective date of the modification. Modifications take into account any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. The revised remaining consideration under the modified lease is then recognised in rental income on a straight-line basis over the remaining lease term.
Rental income is invoiced in instalments over the academic year in line with the terms stated in the underlying tenancy agreements. Rental income received in advance is recorded as deferred income and recognised in the statement of comprehensive income over the period that it relates to.

Ancillary income relates to the sale of peripheral services such as laundry and vending machines. The income is recognised at the point of sale. Ancillary income is recognised in accordance with IFRS 15 and is recognised as revenue when control over the related goods is transferred to the customer.

Property expenses
Property expenses are categorised as costs incurred in the day to day running of the properties, including: property management fees, agent's commission, marketing costs, utilities, facilities management, payroll and other associated costs.

Administrative expenses
Administrative expenses include costs incurred in running the corporation, including: advisory fees, audit fees, company secretarial fees, legal and professional fees, valuation fees and other associated costs.

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.

Leases

Lessee

Leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group.

2 Accounting policies (continued)

Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following payments:

- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees; and
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principle and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs.

Where the right-of-use asset relates to leases of land or property that meets the definition of investment property under IAS 40 it has been disclosed within the investment property balance. After initial recognition, IAS 40 requires the amount of the recognised lease liability, calculated in accordance with IFRS 16, to be added back to the amount determined under the net valuation model, to arrive at the carrying amount of the investment property under the fair value model. Differences between the right-of-use asset and associated lease liability are taken to the statement of comprehensive income. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less.

Low-value leases are those with a value less than £10,000.

Lessor

When the Group acts as a lessor it determines at lease inception whether each lease is a finance lease or operating lease.
To classify each lease the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. Given the principal activity of the Group is the rental of investment property this income is recognised as revenue. See the revenue accounting policy above for further details.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

2 Accounting policies (continued)

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Where an investment property has a lease containing a lease incentive such as a rent-free period or cash contribution to tenant fit-out, a deduction is made to the investment property carrying value to adjust for the straight lining of rental income over the term of the lease. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Investment property also includes the Group's right-of-use assets which are accounted for in line with the policy above.

Asset acquisitions

Management considers each property transaction separately, with an assessment carried out to determine whether the transaction represents an asset acquisition or business combination. In making its judgement on whether the acquisition of property through the purchase of a corporate vehicle represents an asset acquisition or business combination, management considers whether the integrated set of assets and activities acquired contain both inputs and processes along with ability to create outputs. When management's judgement and conclusion is that the acquisition of an asset or a group of assets do not constitute a business, the Group recognises this as an asset acquisition. The Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The cost of the group is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

At each reporting date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that they have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated to determine the extent of the impairment loss (if any). The Company calculates the recoverable amount based on the higher of fair value less costs of disposal and value in use. If the recoverable amount of the investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Investment in joint ventures

An entity is treated as a joint venture where the Group is a party to a joint arrangement with one or more parties from outside the Group to undertake an economic activity and it considers both parties to share joint control of the arrangement and has rights to the net assets of the arrangement. In the consolidated financial statements, interests in joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the joint venture. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

2 Accounting policies (continued)

Investment in joint ventures (continued)

In the Consolidated balance sheet, the interests in joint ventures represents the Group's share of the net assets, including any unamortised premium paid on acquisition.

Deferred consideration

Deferred consideration represents consideration contingent on the NAV as defined in the underlying sale and purchase agreements of the entities acquired. It is initially measured at the fair value on the date of acquisition and included in the measurement of purchase consideration for the assets. Subsequent changes in the fair value are included in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash held with the managing agent in a segregated client account, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less when acquired that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Non-current assets classified as held for sale

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are subsequently classified into the following specified categories:

- financial assets at fair value through profit or loss, including held for trading; or
- amortised cost.

The classification depends on the nature and purpose of the financial asset (ie. the Company's business model for managing the financial assets and the contractual terms of the cash flows) and is determined at the time of initial recognition.

Financial assets are measured at amortised cost if they are held within a business mode whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

2 Accounting policies (continued)

Financial assets (continued)

Financial assets not held at amortised cost are held at fair value through profit or loss.

An explanation of the fair value hierarchy is as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data; and

Level 3 - use of a model with inputs that are not based on observable market data.

Further details of the Group's financial instruments can be found in note 25.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

2 Accounting policies (continued)

Financial liabilities

Financial liabilities measured at amortised cost are measured using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. As at 30 September 2023 the Group had the following critical accounting estimates, assumptions and judgements:

(i) Valuation of investment property

Key source of estimation uncertainty - The fair value of the investment properties is based on external valuations in accordance with guidance supplied by the Royal Institution of Chartered Surveyors (RICS). See notes 4 and 14 for further details.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. To manage these risks the Directors operate a risk management programme focused on reducing volatility in cash flows to ensure sufficient operational cash flows are generated to met the Group's liabilities as they fall due for the foreseeable future. The Directors going concern assessment for the current period is detailed in note 2.

The Group's principal financial instruments comprise trade and other receivables, cash at bank, deferred consideration and bank loans. Quantitative data regarding the Group's financial instruments is set out in note 25.

For the Group's financial instruments that are measured at amortised cost, fair value approximates their carrying amount, with the exception of bank borrowings which have a fair value of £335,293,000 (2022 - £329,350,000) and a carrying amount of £353,790,000 (2022 - £354,160,000). The fair value is classified as level 2 liability under IFRS 13 Fair Value Measurement. The valuation technique is calculated on expected interest payments based on current market interest rates for a similar size and length of loan, discounted to today's value.

The significant risks that the Group is exposed to are detailed below:

a) Market risk

Market risk is the risk that the future values of investments in property and related investment will fluctuate due to changes in market prices. The total exposure at the statement of financial position date is £1,139,142,000 (2022 - £1,160,309,000). To manage this risk, the Group diversifies its portfolio across a number of assets.

The following sensitivity analysis has been prepared based on reasonable alternative values used in the valuation input calculations:

	-3% change in rental income	+3% change in rental income	-0.5% change in yield	+0.5% change in yield
As at 30 September 2023	**£**	**£**	**£**	**£**
Movement in fair value of the investment properties	**(29,500,000)**	**29,540,000**	**131,930,000**	**(103,850,000)**

	-3% change in rental income	+3% change in rental income	-0.25% change in yield	+0.25% change in yield
As at 30 September 2022	**£**	**£**	**£**	**£**
Movement in fair value of the investment properties	**(29,020,000)**	**29,020,000**	**66,830,000**	**(58,620,000)**

4 Financial risk management (continued)

The key sources of estimation uncertainty for the investment properties are net initial yields, and rental income which is based on current rent, rental growth and occupancy.

At the balance sheet date the Group was exposed to the following market risks:

Foreign exchange risk

The Group has no exposure to foreign currency. As at the balance sheet date all financial instruments were denominated in UK pound sterling and all shareholder loans were received in UK pound sterling. On this basis the Group has no transaction or translation risk.

Price risk

At the balance sheet date the Group had limited exposure to price risk.

In advance of the start of each academic year the Group agrees with tenants what the rentals will be over the lease term, with each lease typically averaging 51 weeks in length. Over the length of each lease income uncertainty is therefore limited. For future periods the property manager will decide whether it is appropriate to increase the per room price based on operational demand and prevailing market prices.

Management and the property manager have undertaken an assessment of demand for student accommodation and are comfortable that the current pricing model will continue to be acceptable to students for the foreseeable future. As such the Directors consider the Group's exposure to price risk to be limited.

In addition to the Group's student accommodation properties management note the Group also owns a 'city living' building. The Group's exposure to price risk in respect of this property is slightly higher than the Group's student accommodation properties given the contract terms are shorter.

Interest rate risk

The Group finances its operations via contributions from shareholders and bank loans. The Group's bank loans bear interest at a fixed rate. As such, at present, the Group is not exposed to a significant interest rate risk.

None of the Group's liabilities that arise from day-to-day trading attract interest.

b) Credit risk

Credit risk is managed by the Directors of the Group. Credit risk arises from cash and cash equivalents and tenants defaulting on their tenancy obligations.

To mitigate the risk of tenants defaulting on their obligations deposits are required to secure a booking and rent is paid in advance of the start of each term.

The Group's cash and cash equivalents are held with Barclays PLC. The Directors note that the bank has a high credit ratings as assigned by international rating agencies.

The property manager holds funds on behalf of the Group in order to manage the properties. These funds are ring-fenced and would be returned to the Group should the property manager cease to trade.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

4 Financial risk management (continued)

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. Ultimate responsibility for the management of liquidity risk lies with the Directors who monitor the liquidity position of the Group and have built an appropriate liquidity risk management framework of the Group's short, medium and long-term funding requirements. The Directors manage liquidity risk using forecasts and reviewing quarterly management accounts.

In addition to cash generated from operations the Group utilises third-party banking facilities. Transactions are governed by a loan facility agreement. At the date of signing this report the counterparties have provided funds as and when requested and in line with the terms of the respective agreements in place.

To ensure the Group has sufficient cash to fund its operational needs the Group has access to third-party loan facilities. The Group has the option to extend repayment of one of its third-party bank borrowings for a further two years. At the balance sheet date the third party loan facilities were fully utilised.

A maturity analysis of the Group's financial liabilities is set out below:

At 30 September 2023	Carrying amount £'000	In less than one year £'000	Between one and five years £'000	Over five years £'000
Trade payables	**9,879**	**9,879**	-	-
Provisions	**7,836**	**7,836**	-	-
Other payables	**10,185**	**10,185**	-	-
Retentions payable	**1,974**	**1,974**	-	-
Accruals	**1,031**	**1,031**	-	-
Borrowings and future interest payments	**623,195**	**218,215**	**200,647**	**204,333**
Total	**654,100**	**249,120**	**200,647**	**204,333**

Of the £218,215k borrowings due to in less than one year, £200,000k relates to the shareholder loan.

At 30 September 2022	Carrying amount £'000	In less than one year £'000	Between one and five years £'000	Over five years £'000
Trade payables	3,582	3,582	-	-
Other payables	7,833	7,833	-	-
Retentions payable	5,643	5,643	-	-
Accruals	2,591	2,591	-	-
Deferred consideration	10,824	10,824	-	-
Borrowings and future interest payments	557,080	215,449	192,550	214,524
Total	587,553	245,922	192,550	214,524

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

4 Financial risk management (continued)

Capital risk management

The capital of the Group comprises the called up share capital in relation to ordinary shares, share premium account and retained earnings. The Group's objective when managing capital is to ensure the Group continues as a going concern and is able to meet its liabilities as and when they fall due. To achieve this objective, the Group cashflow forecast is monitored and discussed at the quarterly Board meeting to ensure there is sufficient capital and whether additional funding is required to be sought.

5 Revenue

All revenue relates to the Group's principal activity and arose in the United Kingdom.

	2023	2022
	£'000	£'000
Direct student let income	**35,233**	25,789
Discounts	**(193)**	(669)
Total	**35,040**	25,120
Nomination rental income	**4,340**	3,072
Direct co-living income	**1,765**	1,575
Commercial income	**8,204**	3,818
Ancillary income	**334**	162
Total	**49,683**	33,747

All income other than ancillary income is earned under a binding contract.

6 Property expenses

	2023	2022
	£'000	£'000
Employee costs	**2,961**	2,299
Utilities	**1,688**	1,011
Management fees	**2,058**	1,511
Property rates and insurance	**1,605**	1,415
Marketing	**445**	284
Lifecycle costs	**1,060**	477
Irrecoverable VAT on property expenses	**1,345**	764
Agent commission	**771**	468
Facilities management	**1,096**	837
Central overheads	**619**	403
Other	**243**	50
Total	**13,891**	9,519

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

7 Administrative expenses

	2023	2022
	£'000	£'000
Legal and professional	**1,700**	323
Administrative costs	**313**	172
Audit fees (note 9)	**565**	275
Company secretarial	**219**	277
Director's fee	**18**	-
Listing fee	**19**	5
Recharged costs	**1,525**	647
Tax compliance and advisory fees	**708**	171
Valuation fees	**134**	131
Irrecoverable VAT on administrative expenses	**1,335**	1,431
Printing	**124**	-
Other fees	**(5)**	110
Project costs	**-**	75
Adviser and performance fees	**3,633**	2,552
Total	**10,288**	6,169

Recharge costs represents costs incurred by an entity within the group which is then recharged to an entity outside the group.

8 Other operating income

Other income of £1,610,000 (2022 - £647,000) primarily represents costs incurred by an entity within the Group where a portion of the cost is recharged to an entity outside of the Group.

9 Operating profit

	2023	2022
	£'000	£'000
Operating profit is stated after charging:		
Audit of the Group's consolidated financial statements and the Scape only financial statements	**279**	51
Audit of the subsidiaries' stand alone financial statements	**286**	224
Auditors' remuneration – non audit service - VAT return preparation	**77**	23
Total auditors' remuneration	**642**	298

Auditors remuneration for non-audit services also includes £Nil (2022 - £378k) of professional fees in relation to the acquisition of the Gemini portfolio which has been capitalised as an acquisition cost within investment property.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

10 Employees

Staff costs were as follows:

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Wages and salaries	2,656	-	2,050	-
Social security costs	249	-	203	-
Costs of defined contribution scheme	56	-	46	-
Total	**2,961**	-	2,299	-

One Director is remunerated by the Group in the current year. The Director was remunerated £18k (2022 - £Nil) via a corporate entity and no pension, incentive scheme, share options or other costs are incurred in relation to their service.

Staff were previously provided by a company external to the Group so there were no direct employees. Following the Gemini transaction, staff were transferred to Scape Operations Ltd part way through the prior year.

The average monthly number of employees during the year was as follows:

	Group 2023 No.	Company 2023 No.	Group 2022 No.	Company 2022 No.
Head office	29	-	16	-
Site staff	97	-	73	-
Total	**126**	-	89	-

11 Finance costs

	2023 £'000	2022 £'000
Bank interest	15,487	8,391
Lease interest (note 13)	1,352	816
Commitment fee	-	607
Total	**16,839**	9,814

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

12 Taxation

	2023 £'000	2022 £'000
Corporation tax		
Prior year tax	**261**	-
Total	**261**	-

The prior year tax relates to an underpayment of taxation in a subsidiary which arose prior to the Group's incorporation as a REIT status.

The charge for the year can be reconciled to the (loss)/profit before tax as follows:

	2023 £'000	2022 £'000
(Loss)/profit before tax	**(38,220)**	45,159
(Loss)/profit on ordinary activities multiplied by the standard corporation tax in the UK of 25%/19%	**(9,555)**	8,580
Effects of:		
Loss/(profit) not allowable/taxable due to REIT status	**9,555**	(8,580)
Adjustment in relation to the prior year	**261**	-
Total tax charge for the year	**261**	-

As a REIT, Group companies will not be subject to UK corporation tax on income and gains relating to their property rental business. Other profits and gains will be subject to UK corporation tax.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

13 Lease liabilities

The Group has five leasehold properties, four of which it pays more than a peppercorn rent.

Amounts recognised in the statement of financial position

	2023	2022
	£'000	£'000
Current	**1,527**	1,412
Non-current	**57,591**	53,489
Total	**59,118**	54,901

(i) Amounts recognised in the statement of comprehensive income

	2023	2022
	£'000	£'000
Interest expense (included in note 11)	**(1,352)**	(816)

(ii) Future minimum lease payments are as follows:

	2023	2022
	£'000	£'000
Less than one year	**1,528**	1,419
One to five years	**6,198**	5,908
More than five years	**562,097**	550,109
Total	**569,823**	557,436
Lease interest	**(510,704)**	(502,535)
Lease liability	**59,119**	54,901

The amounts stated above represent the base charges which are indexed annually for inflation. Where the indexation is subject to a minimum uplift, this minimum increase has been included in the minimum lease payments. The actual annual payments therefore would be greater than the amounts stated above.

The total cash outflow for leases was £1,394,000 (2022 - £828,000).

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

14 Investment property

Group

	2023 £'000	2022 £'000
Valuation		
At 1 October 2022 and 1 October 2021	**1,105,411**	230,850
Additions	**70,894**	836,787
Capital expenditure	**34,417**	-
Revaluation	**(48,862)**	37,774
Assets held for sale (note 17)	**(82,140)**	-
At 30 September 2023 and 30 September 2022	**1,079,720**	1,105,411
Add back lease liability	**59,422**	54,898
Total investment property	**1,139,142**	1,160,309

The Group's investment property comprises ten properties, all situated in the UK. Five of these properties are held on a leasehold basis as set out in note 13.

The assets held for sale balance represents the current year valuation of £83,830,000 less rent incentives of £709,000 and estimated costs to sell of £981,000 in relation to the Circus Street asset.

The Group and Company statement of cash flows shows cash paid to acquire the Group's investment properties. In the prior year, the additions figure of £836.8m differs from the £93.5m stated in the cashflow statement. The balance relates to property additions acquired as part of the Gemini transaction (alongside other related liabilities) which was funded by way of shareholder loan and share capital, paid directly from the shareholder to 3rd parties including the vendor.

During the period the following income and expenses were recognised in relation to the Group's investment property:

- Rental income was recognised as set out in note 5;
- Direct operating expenses comprise the Group's property expenses.

The market value of the investment properties has been estimated by an external valuer at £1,079,720,000 (2022 - £1,105,411,000) (including the rent incentive adjustment of £709,000 (2022 - £469,000). The valuer complies with the latest version of the RICS Valuation - Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book") and has recent experience in the location and category of the investment property being valued. The valuation is based on the difference between expected cash inflows and outflows, appropriately discounted. As required by IFRS, some of these expected future cash outflows have already been recognised on the balance sheet in the form of lease liabilities. As a result, lease liabilities of £59,422,000 (2022 - £54,898,000) have been added back to arrive at a total carrying value of investment properties of £1,139,142,000 (2022 - £1,160,309,000).

SCAPE LIVING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

14 Investment property (continued)

Class	Fair value	Valuation technique	Key unobservable	Range
Operational student property	907,485,000	Income capitalisation	Occupancy rate	98%
			Estimated rental value	£186 - £780 per bed per week
			Initial yield	3.85% - 5.50%
Development student property – Hammersmith	100,920,000	Income capitalisation & residual valuation	Estimated rental value	£419 - £666
			Facilities management cost	£3,200 a bed p.a.
			Initial yield	4.15%
			Construction cost per bed	£87,957 a bed
			Finance rate	7.5%
Development student property – Kingsway	71,315,000	Income capitalisation & residual valuation	Estimated rental value	£599 - £867
			Facilities management cost	£3,400 a bed p.a.
			Initial yield	3.90%
			Construction cost per bed	£128,531 a bed
			Capital cost	7%

If any of the key unobservable inputs below were to differ from management's estimations, then the fair value calculated may significantly change. A sensitivity analysis is presented in note 4a.

Rental income
Rental income used in the valuation comprises three elements: current rent, occupancy and rental growth. Occupancy and rental growth are based on analysis of similar properties as advised by external valuers.

Yield profile
The yield profile is based on yields generated by comparable properties in London and Guildford as advised by external valuers. Based on the properties reviewed a range of 3.85% - 5.50% was deemed reasonable.

Based on the above the fair value of the investment property at the year-end date was calculated as £1,079,720,000 (2022 - £1,105,411,000). During the year a fair value loss was recognised of £48,862,000 (2022 - gain of £37,774,000).

15 Investment in joint ventures

Group

	Investment in joint ventures
	£'000
At 1 October 2021	-
Additions	9,798
Share of results of joint ventures	(2,196)
At 30 September 2022 and 1 October 2022	**7,602**
Conversion to subsidiary	**(7,602)**
At 30 September 2023	**-**

The Group has the following joint ventures:

Name	**Registered office address**	**Country of incorporation**	**Ownership %**	**Voting rights %**	**Nature of business**
Gemini Jersey JV GP Limited	6th Floor, 65 Gresham Street, London, EC2V 7NQ	United Kingdom	60.05%	50%	General Partner

On 20 December 2021, one of the Group's subsidiaries, Scape Holdco 1 Ltd entered into a shareholders' agreement in respect of Gemini Jersey JV GP Limited ("Gemini GP") and a limited partnership agreement in respect of Gemini Jersey JV LP ("Gemini LP") such that the Group acquired 60.05% of Gemini GP and 74% of Gemini LP.

The interest in Gemini LP is non-voting. Gemini GP is the entity that makes all the relevant decisions over the Gemini LP and per the Gemini GP shareholder agreement, all such decisions must be made jointly between the Group and the joint venture partner, IQSA. The Group has a 60.05% interest in Gemini LP and Gemini GP's (together "Gemini JV") net assets. Accordingly, the Group has classified its interest in Gemini JV as a joint venture which is accounted for under the equity method. Gemini GP remains an immaterial joint venture with the Group's share of profit less than £1,000

On 28 January 2022, the Group acquired the remaining 26% of Gemini LP and the joint venture partner waived their right to appoint a director to the board of the subsidiaries of Gemini LP. The Directors have reassessed the basis of control in the year and have concluded that the Group gained control of Gemini LP and its subsidiaries at the date the joint venture partner waived this right. Though not material to the Group to adjust in the prior year either by nature or by quantum to the Group , the joint venture has been derecognised in the current year and consolidated in full.

The table below provides summarised financial information for the joint venture. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not the Group's share of those amounts.

15 Investment in joint ventures (continued)

	2023 £'000	2022 £'000
Non-current assets	-	-
Current assets [a]	-	184,306
Total assets	-	184,306

	2023 £'000	2022 £'000
Current and total liabilities	-	(176,484)
Net assets	-	7,822

	2023 £'000	2022 £'000
Profit and loss		
Revenue	-	-
Profit after tax from discontinued activities [b]	-	29,323
Total comprehensive income	-	29,323
[a] Includes cash and cash equivalents	-	1,992
[b] Includes interest income	-	-

16 Investment in subsidiaries

Company

	Investment in subsidiary companies £'000
Cost	
At 30 September 2021 and 1 October 2021	107,841
Additions	1,090,072
Disposals	(335,724)
At 30 September 2022	**862,189**
Additions	**66,818**
At 30 September 2023	**929,007**
Impairment	
At 30 September 2021 and 1 October 2021	-
Impairment loss in the year	191,097
At 30 September 2022	**191,097**
Impairment loss in the year	**86,758**
At 30 September 2023	**277,855**

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

16 Investment in subsidiaries (continued)

Net book value	
At 30 September 2022	671,092
At 30 September 2023	**651,152**

On 25th September 2023 the Company undertook a restructure of a number direct and indirect subsidiaries that were no longer required by the Group. As part of this restructure, an indirect subsidiary of the Company, Scape Holdco 3 Ltd, sold its investments in Shoreditch Guernsey Holdco Ltd and Guildford UK Propco Ltd up to the Company. The Company's immediate subsidiary, Scape Topco 3 Ltd, then sold its investment in Scape Holdco 3 Ltd to the Company. Scape Topco 3 subsequently declared a dividend up to the Company, reducing its net asset position, before being placed into voluntary liquidation.

As part of this restructure Scape Topco 1 Ltd also impaired its investment in Scape Holdco 1 Ltd which then resulted in the Company needing to impair its investment in Scape Topco 1 Ltd.

The investments in Scape Topco 1 Ltd, Scape Topco 3 Ltd and Scape Holdco 3 Ltd have been impaired down to a de minimus value before they were placed into voluntary liquidation and removed as subsidiaries.

Due to downward revaluations of the underlying properties, the Company has also impaired it investments in Kingsway Jersey Holdco Ltd, Circus Street UK Propco Ltd, Guildford UK Propco Ltd and Scape Topco 4 Ltd. The recoverable amount of its investments in these entities is £423,270,000 based on their fair value less costs of disposal. The fair value is measured as level 3 under the fair value hierarchy. The fair value of the investments is considered to be equal to the net asset valuation of the underlying assets and is most sensitive to the valuation of the underlying investment properties. Further information on the basis for investment property valuation can be seen in note 14.

Direct subsidiary undertakings
The following were direct subsidiary undertakings of the Company:

Name	Registered office address	Country of incorporation	Ownership % *	Nature of business
Kingsway UK Propco Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Dormant company
Scape Topco 5 Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Holding company
Talgarth UK Holdco Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	85	Holding company
Circus Street UK Propco Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Rental of student accommodation
Scape Operations Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Facilities support activities
Scape Topco 4 Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Holding company
Scape Holdco 1 Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Holding company
Guildford UK Propco Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Rental of student accommodation

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

16 Investment in subsidiaries (continued)

Name	Registered office address	Country of incorporation	Ownership % *	Nature of business
Kingsway Jersey Holdco Limited	1 Waverly Place, Union Street, St Helier, Jersey, JE4 8SG	Jersey	100	Holding company
Shoreditch Guernsey Holdco Ltd	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Holding company

* All shares held are ordinary shares.

Indirect subsidiary undertakings

The following are indirect subsidiary undertakings of the Company the results of which have been included in these consolidated financial statements:

Name	Registered office address	Country of incorporation	Ownership % *	Nature of business
Scape Holdco 4 Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Holding company
Scape Holdco 5 Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Holding company
Kingsway Jersey Propco Limited	1 Waverly Place, Union Street, St Helier, Jersey, JE4 8SG	Jersey	100	Rental of student accommodation
Shoreditch Guernsey Propco Ltd	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Rental of student accommodation
Shoreditch Guernsey Opco Ltd	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Rental of student accommodation
Bloomsbury UK Propco Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Rental of student accommodation
Mile End Guernsey Holdco Ltd	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Holding company
Mile End Guernsey Propco Ltd	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Rental of student accommodation
Mile End Guernsey Opco Ltd	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Rental of student accommodation
Guildford 2 UK Propco Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Rental of student accommodation
Guildford 2 UK Opco Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Rental of student accommodation
Circus Street Property Management Company Limited	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Facilities support activities
Wembley UK Propco Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Rental of student accommodation
Wembley UK Opco Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Rental of student accommodation
Hammersmith UK Propco Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Rental of student accommodation

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

16 Investment in subsidiaries (continued)

Name	Registered office address	Country of incorporation	Ownership % *	Nature of business
Hammersmith UK Opco Ltd	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Rental of student accommodation
Gemini Jersey JV LP	6th floor, 65 Gresham Street, London, United Kingdom, EC2V 7NQ	United Kingdom	100	Holding company
Gemini Student Living Limited	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Holding company
Gemini Topco Ltd	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Holding company
Gemini Surrey 2 Ltd	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Rental of student accommodation
Gemini Holdco 3 Ltd	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Holding company
Gemini Operations Ltd	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Rental of student accommodation
Gemini QMUL Ltd	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Rental of student accommodation
Gemini Holdco Ltd	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Holding company
Gemini Holdco 2 Ltd	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Holding company
Gemini Brunswick Ltd	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Rental of student accommodation

* All shares held are ordinary shares.

17 Assets held for sale

During the year the Board made the decision to dispose of a property asset included in investment property. Consequently, the carrying value of the property being £98,209,000 as of 30 September 2022 was re-classified as a current asset. As at 30 September 2023, the carrying value of the asset within assets held for sale is included at the market value of £83,830,000 less rent incentives of £709,000 and costs to sell of £981,000.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

18 Trade and other receivables: due in less than one year

	Group 2023 £'000	**Company 2023 £'000**	Group 2022 £'000	Company 2022 £'000
Trade receivables	**1,546**	**-**	5,221	-
Prepayments	**1,087**	**23**	688	2
Other receivables	**431**	**90**	13,292	3,957
License fee receivable	**3,151**	**-**	1,889	-
Lease incentive receivable	**709**	**-**	469	-
VAT recoverable	**-**	**-**	185	-
Payments in advance for property acquisition	**-**	**-**	2,581	-
Amounts owed by subsidiary undertakings (note 31)	**-**	**167,366**	-	66,515
Total	**6,924**	**167,479**	24,325	70,474

Amounts owed by subsidiary undertakings are interest free and repayable on demand.

For all trade receivables, the Group and Company applies the IFRS 9 simplified approach to measuring expected credit losses. Expected credit losses are immaterial in the current and prior periods. For all other receivables, the normal staging approach is applied. Expected credit losses are immaterial in the current and prior periods.

Other receivables comprises:

	Group 2023 £'000	**Company 2023 £'000**	Group 2022 £'000	Company 2022 £'000
Amounts held by the property manager to the Group	**-**	**-**	9,302	-
Rent guarantee	**-**	**-**	3,870	3,870
Rent deposit	**301**	**-**	-	-
Other	**130**	**90**	120	87
Total	**431**	**90**	13,292	3,957

In the prior year, the amounts held by the Property Manager to the Group represented bank balances administered by the Property Manager on behalf of the Group. These balances are represented in cash in the current year for greater clarity of the underlying right of access to the cash.

The rent guarantee arose on the Group's acquisition of Guildford 2 UK Holdco Ltd (formerly Kernal Court Holdco Ltd). As part of the sale and purchase agreement the sellers guaranteed a level of net income for one year. The final balance was settled on 5th January 2023.

19 Trade and other receivables: due greater than one year

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Other receivables	1,400	-	1,400	-

Other receivables comprise a rent deposit due to be returned on the practical completion of the redevelopment on one asset due to complete in 2027. The longstop date for repayment is 29 September 2045.

20 Cash and cash equivalents

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Cash at bank	31,230	100	105,095	81,236

Included within cash at bank is £6,187k (2022: £6,187k) which is restricted cash under banking arrangements.

21 Trade and other payables: due less than one year

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Trade payables	9,879	2,495	3,582	1,138
Other payables	10,185	27	7,833	-
Retentions payable	1,974	1,104	5,643	3,957
Accruals	1,031	-	2,591	-
Deferred income	21,600	-	17,804	-
Deferred consideration (see note 23)	-	-	10,824	10,824
Amounts owed to subsidiaries	-	50,120	-	-
Total	44,669	53,746	48,277	15,919

Other payables comprises:

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Amounts owed to JV partner group	-	-	7,482	-
Loan from minority interest partner	7,108	-	278	-
Other	3,077	27	73	-
Total	10,185	27	7,833	-

The loan from the minority interest partner is a loan provided in order to fund their share of the Hammersmith development to date.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

22 Provisions

Group

	£'000
Valuation	
At 1 October 2021 and 30 September 2022	-
Additions	**7,836**
At 30 September 2023	**7,836**

The Group has assessed its buildings over 18m in height to determine whether they meet the legal requirements set out in the Building Safety Act (the "Act"). The fire risk assessments were completed in December 2023 and the Group has identified cladding on two of its buildings for which it believes it is not compliant with the Act. As a result of the new Act, the Group has a present obligation to rectify the cladding. The balance of £7,836k (2022 - £Nil) represents this cost.

23 Deferred consideration

Group and Company

	£'000
Valuation	
At 1 October 2021	14,529
Payments	(3,016)
Gain on revaluation	(689)
At 30 September 2022	**10,824**
Payments	**(10,725)**
Gain on revaluation	**(99)**
At 30 September 2023	-

Deferred consideration related to the acquisition of investment property via subsidiary undertakings. The amounts due are measured at fair value through profit and loss. The amounts due are based on a valuation of the net asset value (NAV) of the subsidiaries acquired over a period of time.

The main driver of NAV is the fair value movement of investment properties. Refer to note 14 where the methodologies/inputs used in the underlying property valuations are set out. The valuations are classified as level 3 in the fair value hierarchy. The NAV of the subsidiaries and the associated deferred consideration was agreed and settled in December 2022 and January 2023. The figures disclosed above represent the balance paid. During the period a revaluation gain was recognised in the statement of comprehensive income of £99,000 (2022 – £689,000) following decreases (2022 – increases) to the value of the investment properties acquired.

The deferred consideration recognised is payable as follows:

	2023	2022
	£'000	£'000
Current	-	10,824
Total	-	10,824

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

24 Borrowings

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Current borrowings				
Bank loans	**1,571**	-	1,500	-
Loans from shareholders	**200,000**	**200,000**	200,000	200,000
Total	**201,571**	**200,000**	201,500	200,000
Non-current borrowings				
Bank loans	**354,331**	-	355,580	-
Loan arrangement fees	**(2,112)**	-	(2,920)	-
Total	**352,219**	-	352,660	-
Total borrowings	**553,790**	**200,000**	554,160	200,000

Loans from shareholders

Loans from shareholders are unsecured, interest free per annum and repayable on demand. Under the newly extended loan agreement, repayment should be no later than 7 June 2025.

Bank loans

The Group has two bank loans:

- A £157,080,000 facility which was refinanced on 28 March 22. The facility is repayable in quarterly instalments and as at 30 September 2023, £155,901,900 remains outstanding, with a carrying value of £155,125,437. The loan is secured over the assets of Mile End Guernsey Propco Ltd, Guildford 2 UK Propco Ltd and Wembley UK Propco Ltd; the total valuation of these properties as at 30 September 2022 is £371,865,000 (2022: £389,960,000). The loan has a blended interest rate of 5.3% (2022: 3.61%) which is now fixed until the end of the loan. The loan terminates on 27 March 2025, but the Group is able to extend the termination date to 27 March 2027 provided there are no breach of covenants.

  Under the loan, the financial covenants required the loan to property valuation to be lower than 55% and both the yield on debt and the projected yield on debt to be in excess of 6%. There has been no breach of these covenants during the year.

- A £200,000,000 facility refinanced on 31 August 2022 with a carrying value of £198,664,311 as at 30 September 2023. This loan is secured over the assets of Bloomsbury UK Propco Ltd and Shoreditch Guernsey Propco Ltd; the total valuation of these properties as at 30 September 2023 is £515,140,000 (2022: £511,470,000). The loan has a blended fixed interest rate of 4.23%. The loan is repayable on 5 April 2029.

  Under the loan, the financial covenants required the loan to property valuation to be lower than 60%, the historic interest service cover ratio to be greater than 1.4 and the projected interest service cover ratio to be in excess of 1.7. There has been no breach of these covenants during the year.

SCAPE LIVING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

25 Financial instruments

	Group 2023 £'000	Company 2023 £'000	Group 2022 £'000	Company 2022 £'000
Financial assets				
Financial assets that are debt instruments measured at amortised cost:				
Cash and cash equivalents	**31,230**	**100**	105,095	81,236
Trade receivables	**1,546**	**-**	5,221	-
Other receivables	**431**	**90**	9,422	87
Amounts owed by subsidiary undertakings	**-**	**167,366**	-	66,515
Total	**33,207**	**167,556**	119,738	147,838
Financial liabilities				
Financial liabilities measured at fair value through profit and loss	**-**	**-**	10,824	10,824
Financial liabilities measured at amortised cost:				
Trade payables	**9,879**	**2,495**	3,582	1,138
Other payables	**10,185**	**27**	7,833	-
Retentions payable	**1,974**	**1,104**	5,643	3,957
Borrowings	**553,790**	**200,000**	554,160	200,000
Amounts owned to subsidiary undertakings	**-**	**50,120**	-	-
	575,828	**253,746**	571,218	205,095
Total	**575,828**	**253,746**	582,042	215,919

Financial liabilities measured at fair value through profit and loss comprise deferred consideration. The deferred consideration on the purchase of Mile End Guernsey Holdco Ltd and Guildford 2 UK Holdco Ltd is classified as a level 3 liability under IFRS 13, Fair Value Measurement, as the inputs are not based on observable market data. The key input and estimate is net asset value of the acquired subsidiary. There have been no transfers between the levels during the period. Further analysis of deferred consideration can be found in note 23.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

26 Reconciliation of financial liabilities arising from financing activities

The table below details changes in the Group liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Borrowings £'000	Lease liabilities £'000	Total £'000
At 1 October 2021	92,603	11,097	103,700
Cash changes			
Loans acquired	105,050	-	105,050
Loan fees	(401)	-	(401)
Repayment of lease liabilities	-	828	828
Total	104,649	828	105,477
Non-cash changes			
Accrued interest	-	1,077	1,077
Loans acquired	425,936	-	425,936
Lease acquired	-	41,899	41,899
Loans repaid	(67,132)	-	(67,132)
Loan fees	(2,849)	-	(2,849)
Loan fee amortisation	953	-	953
Total	356,908	42,976	399,884
At 30 September 2022	**554,160**	**54,901**	**609,061**
Cash changes			
Loans repaid	**(1,178)**	**-**	**(1,178)**
Loan fees	**(49)**	**-**	**(49)**
Repayment of lease liabilities	**-**	**(1,394)**	**(1,394)**
Total	**(1,227)**	**(1,394)**	**(2,621)**
Non-cash changes			
Accrued interest	**-**	**1,352**	**1,352**
Adjustment in relation to rent review	**-**	**4,260**	**4,330**
Loan fees	**176**	**-**	**176**
Loan fee amortisation	**681**	**-**	**681**
Total	**857**	**5,612**	**6,539**
At 30 September 2023	**553,790**	**59,119**	**612,979**

In the prior year, as part of the Gemini transaction, loan balances were acquired and repaid as part of the net assets of the subsidiaries acquired. No cash was received or paid in direct relation to these loans and hence they are included in non-cash changes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

27 Share capital

	Number of shares	£'000
At 30 September 2021 and 1 October 2021	2,253,411	2,253
Shares issued	8,311,665	8,312
At 30 September 2022 and 1 October 2022	**10,565,076**	**10,565**
Shares issued	**38,974**	**39**
At 30 September 2023	**10,604,050**	**10,604**

The authorised number of shares is equal to the number of issued shares.

The Company's share capital comprises 10,604,050 ordinary shares of £1.00 each. There are no rights or restrictions over the Company's issued share capital.

28 Reserves

Retained earnings
The profit and loss account represents cumulative profits and losses net of all adjustments.

The table below shows the retained earnings split between distributable and non-distributable reserves.

	Group			Company		
	Distributable	Non-distributable	Total	Distributable	Non-distributable	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 30 September 2021 and 1 October 2021	43,663	19,659	63,322	44,035	(10,131)	33,904
Profit for the year	6,692	38,463	45,155	39,378	689	40,067
At 30 September 2022	**50,355**	**58,122**	**108,477**	**83,413**	**(9,442)**	**73,971**
Loss for the year	**10,492**	**(48,761)**	**(38,269)**	**(34,409)**	**-**	**(34,409)**
Dividends paid	**(9,973)**	**-**	**(9,973)**	**(9,973)**	**-**	**(9,973)**
At 30 September 2023	**50,874**	**9,361**	**60,235**	**39,031**	**(9,442)**	**29,589**

Two dividends were declared during the year to 30 September 2023 (2022 - £Nil). On 9th June 2023, an ordinary dividend of £6,867,299 (£0.65 per ordinary share) and a scrip dividend of £3,105,546 (£63.746 per ordinary share) was declared of which £2,484,437 was paid by way of issuing new share capital. Both dividends were paid on 22 June 2023.

Share premium account
The share premium account is the credited difference in price between the par value of the shares and the total price the Company received for the issued shares. On 22 June 2023 the Company issued 38,974 shares for consideration of £2,484,437. The share premium account was credited by £2,445,463.

29 Non-controlling interest

	£'000
At 30 September 2021 and 1 October 2021	(1)
Share of profit	5
At 30 September 2022 and 1 October 2022	**4**
Share of loss	**(212)**
At 30 September 2023	**(208)**

30 Related party transactions

Company

The shareholder APG, loaned the Company £200,000k to acquire the Gemini portfolio in the prior year. This balance remains outstanding at the year end date. The loan was due for repayment on 30 April 2024 but extended to 7 June 2025 post year end.

During the year ended 30 September 2023, the Company incurred £2,710k (2022 - £1,798k) of advisory fees from Scape UK Management Ltd, a company with key management personnel in common. At 30 September 2023, the balance owed to Scape UK Management Ltd was £829k (2022 - £1,510k).

During the year, the Company transferred funds to and from Group undertakings in order to manage cashflows. During the year, the Company borrowed £24,156k on a net basis (2022 - advanced £64,465k) from Group undertakings in the course of ordinary cashflows. During the year, £8,000k (2022 - £Nil) has been written off. The Company also loaned Group undertakings £82,030k on a net basis (2022 - £77,350k) in order to fund investment activity. These loans are short-term funding until external bank loans are secured. At the 30 September 2023 there is a net receivable of £117,246k (2022 - £66,515k) due from subsidiaries.

During the year, the Company and the Group did a number of reorganisations (as detailed in note 16). As part of this, the Company acquired direct investments in a number of entities that were previously held as indirect subsidiaries. The total of these of these investments was £66,819k. As part of the reorganisation it also sold a direct subsidiary to another direct subsidiary for £3,080k as part of a share for share exchange.

The Company also recorded dividends of £62,632k (2022 - £228,710k) due from its subsidiaries and recorded interest expense receivable from subsidiaries of £1,882k (2022 - £Nil).

Two of the Group's assets were previously sold into the Group from an individual and companies which share key management personnel. The sale contracts contained a number of retentions and deferred consideration clauses. During the year, a further £5k was recognised and £4,792k was repaid. At 30 September 2023 the balance owed to the companies and individual was £635k (2022 - £5,421k).

Group

The shareholder APG, loaned the Group £200,000k to acquire the Gemini portfolio in the prior year. This balance remains outstanding at the year end date. The loan was due for repayment on 30 April 2024 but extended to 7 June 2025 post year end.

During the year, the Group accrued interest of £437k on its loan to Gemini Jersey JV LP (2022 - £Nil). At 30 September 2023 the balance owed to Gemini Jersey JV LP was £NIL (2022 - £7,809k).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

30 Related party transactions (continued)

The Group incurs come central costs that are split across its own group undertakings and a small number of companies external to the Group which are under common control or have key management personnel in common. During the year, recharges of £1,610k (£647k) were billed to the related parties. At the 30 September 2023, the balance owed from these companies was £24k (2022 - £16k).

During the year ended 30 September 2023, the Group incurred £5,691k (2022 - £3,365k) of property management, performance and advisory fees from Scape UK Management Ltd, a company with key management personnel in common. At 30 September 2023, the balance owed to Scape UK Management Ltd in relation to these fees was £1,457k (2022 - £1,335k).

During the year ended 30 September 2023, the Group incurred £454k (2022 - £154k) of central costs invoiced from Scape UK Management Ltd, a company with key management personnel in common. At 30 September 2023, the balance owed to Scape UK Management Ltd in relation to these recharges was £63k (2022 - £17k).

During the year ended 30 September 2023, the Group incurred £2,343k (2022 - £Nil) of property development fees from Scape Development Management Company Ltd, a company with key management personnel in common. These fees are capitalised within investment property. At 30 September 2023, the balance owed to Scape Development Management Ltd was £95k (2022 - £Nil).

Two of the Group's assets were previously sold into the Group companies which share key management personnel. The sale contracts contained a number of retentions and deferred consideration clauses. During the year, a further £5k was recognised and £4,792k was repaid. At 30 September 2023 the balance owed to the companies and individual was £635k (2022 - £5,421k).

One of the Group's subsidiaries, Talgarth UK Holdco Ltd is owned in a minority stake by Paces Talgarth Ltd, an entity which shares key management personnel with the Group. Paces Talgarth Ltd loaned £6,831k into Talgarth UK Holdco Ltd in the year. At 30 September 2023, the balance owed to Paces Talgarth Ltd is £7,108k (2022 - £278k)

31 Immediate parent undertakings and ultimate controlling party

The Company's immediate parent undertakings are Paces Holdco RT Ltd and Stichting Depository APG Strategic Real Estate Pool ("APG").

The Directors consider APG, a public limited liability company incorporated in the Netherlands, to be the ultimate controlling party of the Company and Group. The registered office of APG is Oude Lindestraat 70, Heerlen, Netherlands, 6411 EJ.

32 Guarantees

On 17 June 2022 Scape UK Management Limited, property manager and property adviser to Scape Living Plc, signed a lease to rent the third floor, 1 Newman Street, London, for a period of 10 years. Scape Living Plc provided a parent company guarantee to the landlord, Pontsarn Investments Limited.

Under the development funding agreement at Hammersmith, the Company has guaranteed the contractual sum of £173m (2022 - £Nil). As at 30 September 2023, the remaining contractual sum is £82.7m (2022 - £Nil).

Under the headlease at Kingsway, the Company has guaranteed the head rent payment of £700k per annum, including inflationary rises under rent reviews.

DocuSign Envelope ID: 24A0CEFA-B582-4651-9CC2-B13132B00714

33 Commitments

Under a forward funding agreement for the development of the Hammersmith asset, the Group has committed £173m (2022 - £Nil) towards the construction cost. At 30 September 2023, the remaining commitment is £82.7m (2022 - £Nil). Payments towards the forward funding agreement are paid monthly in accordance with the level of work completed. The development is due to complete in time to open for the academic year commencing September 2025.

34 Earnings per share

	2023	2022
	£'000	£'000
(Loss)/profit attributable to ordinary shareholders	**(38,269)**	45,155

	2023	2022
	Number	Number
Weighted average number of ordinary shares	**10,589,407**	8,142,249

On 24 October 2023, the Company issued a further 246,041 shares for a consideration of £15m. Had these been issued prior to the year end, this would have impacted the number of ordinary shares used in the calculation of the earnings per share.

35 Post balance sheet events

On 24 October 2023, the company issued a further 246,041 of ordinary £1 shares for a total consideration of £15m.

On 18 December 2023, a new £105m loan facility was agreed with National Westminster Bank plc. Under the new agreement, the loan is due for repayment on the earlier of the drawing of the investment facility and the termination date of 31 January 2026. The termination date may be extended up to a year at the Group's discretion should there be a delay to the development at Hammersmith with an interest rate of SONIA plus 3.20% margin. A 4.75% interest rate swap has been taken out to reduce the Group's exposure to interest rate movements. The swap covers 80% of the loan notional for the duration of the loan. £45.9m of the loan drawn was used to repay intercompany debt between the Company and its subsidiary, Talgarth UK Holdco Ltd.

On 11 January 2024, the £200m shareholder loan was extended to 7 June 2025.