IQSA Holdco Limited

Annual Report and Consolidated Financial Statements
For the year ended 30 September 2024

Company registration number: 131195

IQSA Holdco Limited
Contents
Year ended 30 September 2024

Principal activities and objectives

The Group's principal activities are to own, manage, operate, and develop private purpose-built student accommodation (PBSA) that are either let directly or through lease and nomination agreements with higher educational institution partners to domestic and international students pursuing higher education. The Group offers accommodation to over 33,500 students pursuing higher education across 29 UK towns and cities and is one of the largest providers of private PBSA in the UK.

The Group, which uses the iQ Student Accommodation brand, aims to build a world-class business, reimagining the student accommodation experience and giving students their best year yet. Our core objectives are to:

- *Deliver a fantastic student experience:* We have industry leading knowledge of what students want, built from insights of over 2,000 students and their parents in the UK and abroad. We have used this information to further build on our customer centric approach, which we call *Experience Obsession*, based on the interactions that matter most to students and have trained employees both at site and in our support offices in our approach. We believe our focus is resonating with students and achieved a customer satisfaction score of 82.0% from students moving out at the end of the 2023/24 academic year. This was one of our highest such scores to date, representing a 7.0% increase from the previous academic year, and reflects the student experience delivered over the year.

  We understand that wellbeing and a sense of belonging are important to students and these can have a significant impact on how they experience their time at university. iQ ensures students have the spaces to study and build connections, with a full programme of activities and social events, including online and virtual clubs, and shared social spaces therefore helping students to meet friends and connect with each other.

  As many students live away from home for the first time, personal safety is also important. Our 24-hour on-site security, secure access and high levels of privacy create a safe and welcoming home from home. Our knowledge is guiding how we are building our business with a fantastic student experience at its heart.

- *Optimise the portfolio and drive strong returns on investment:* We selectively reinvest in our portfolio to maximise revenue and optimise returns. Over the year we undertook a number of portfolio improvement programmes, including in-occupation 24-hour room 'Glow-Ups' across 563 rooms and 2 properties, giving our students a refurbished room for the remainder of their time with us. In addition, as part of the Summer 2024 investment programme, we refurbished a total of 2,381 rooms across 16 properties, incorporating student feedback on design and layout to provide an enhanced resident experience. We also invested in additional amenity spaces across our portfolio and added 23 additional beds.

- *Identify, acquire and develop properties:* Our high quality pipeline is delivered by an experienced in-house portfolio management and development team. We are focused on growing the business where student demand is highest, with 85.6% of our portfolio value in Russell Group towns and cities.

- *Embed our scalable operating model:* Our market-leading platform allows us to scale and integrate at pace, creating efficiencies and delivering strong financial returns for the business. During the year, a further 215 rooms were opened in Nottingham following the on-time completion of our Nelson Court development in September 2023.

Strategic priorities and stakeholders

The Group is able to achieve its objectives by focusing on six strategic priorities:

1. Curating a fantastic student experience which is exceptional value for money.
2. Nurturing a winning team and culture.
3. Building a world-class find, tour and booking journey.
4. Enhancing our market-leading portfolio.
5. Operating efficiently and effective ways of working.
6. Delivering unrivalled business performance metrics.

This enables the Group to deliver a positive impact for stakeholders:

- *Customers:* The Group aims to provide students with a fantastic experience in a safe and welcoming environment to give them their best year yet. Our connection with students is at the heart of our business.
- *Universities:* The Group has strong partnerships with many universities across the UK. The Group values the role it plays in supporting partners to give their students the best home from home.
- *Employees:* The Group wants to create a rewarding and inclusive place to work where people feel motivated, empowered and able to achieve their full potential.
- *Suppliers:* The Group has partnerships with many suppliers in the UK across a wide range of services. iQ is committed to a responsible supply chain as supported through the iQ Supplier Code of Conduct which sets out the high standards demanded from vendors in relation to ethical trading practices, minimising risks and combating modern slavery through a robust due diligence process.
- *Local community*: Supporting local communities is important to iQ and the Group continues to look at ways in which it can expand community impact across the UK which includes providing employees and sites opportunities to give back through volunteering days and matched funding. Additionally, the Group partners with the British Heart Foundation each year during check-outs to encourage residents to donate their unwanted items.
- *Investors:* The Group seeks to deliver long-term shareholder value through strong financial returns which is underpinned by strong long-term revenue growth.

Market environment

The UK private PBSA sector has set new standards in the quality of the purpose-built offering and has been one of the most successful property sectors over the past 10 years, both in the private and public markets.

Universities and students
The superior performance of the sector continues to be underpinned by the strength of the UK's universities, with the UK being home to 4 of the top 10 globally ranked universities and 27 in the top 200 (Source: QS World University Rankings 2025). The attractiveness of the UK as a destination to study is led by the prestigious Russell Group, comprising 24 universities that are renowned for their world-class research and education.

Student numbers, both domestic and international, continue to exceed levels seen prior to the pandemic. The number of undergraduate students applying for a place at university for the 2023/24 academic year was 752,025, slightly down on prior year by 1.3%, but still the second highest on record (Source: UCAS).

The number of undergraduates accepted onto courses for 2023/24 stood at 554,465, down 1.5% on prior year, but 2.4% up on 2019.

For the 2024/25 academic year, prior to clearing, the number of full-time undergraduates applying for a place at university was 656,760, slightly down from 667,650 at the same time in the prior year, but still in excess of pre-pandemic levels.

Postgraduate students are also an important customer of PBSA. Changes and uncertainty over UK Government policy regarding visas has been a consideration for international postgraduate students applying for the 2024/25 academic year and as a consequence some universities have been unable to recruit the same high level of postgraduate students as in previous years. From January 2024 postgraduate taught students were no longer able to bring dependant family members to live with them in the UK, which will be a negative factor for certain international markets, but more positively in May 2024 it was announced that two year post study work visas would remain in place following completion of the Migration Advisory Committee review.

Supply and development viability

Supply of PBSA beds continues to be lower than demand, with national average student-to-bed ratios standing at 2.1:1 (Source: Cushman & Wakefield). Supply constraints continue to be highest in Russell Group locations.

The number of new beds being added to the market also remains lower than in the past. In the five years to 2020 over 30,000 beds were delivered each year, but this has fallen to less than 15,000 in both 2023 and 2024.

Higher construction costs since the pandemic and then more recently higher funding costs have put increased pressure on development viability and in some markets property valuations are now higher than replacement cost.

Despite these pressures, the Group's pipeline and development capability together with ability to access funding puts the Group in a good position to continue to develop high quality assets.

Outlook

The UK continues to be a world-class place to study.

Despite the overall dip in undergraduate applications for the 2024/25 academic year, UCAS projections are that with an increasing 18-year-old population and internationally mobile students attracted to the UK, there could be as many as one million applicants to UK higher education institutions by 2030.

New leadership in Government continues to recognise the important contribution a strong UK Higher Education makes to the wider UK economy and the benefits it provides.

There continues to be opportunities to invest in the existing estate to enhance the student experience while delivering attractive returns. The onsite pipeline of developments will add nearly 3,000 beds into three Russell Group markets across the 2025/26 and 2026/27 academic years with other options being explored beyond this.

Overall, the Group is well placed to play a leading role in fulfilling the PBSA demand with a portfolio focused on Russell Group cities and towns and expects to maintain a strong performance into 2024/25 and beyond.

Financial review

The performance of the business is linked to the academic year, with students typically arriving in September and staying for up to 51 weeks with a financial year end of 30 September closely aligning to this.

Overview
Profit after tax grew by £62.7m from prior year to £180.6m (2023: £117.9m) with the main components of the increase being:

- An increase of £36.3m in profit from operating activities, reflecting strong revenue growth and effective cost control measures;
- A £75.1m higher net revaluation gain on investment properties (after allowing for capital expenditure and the movement in lease incentives); partially offset by
- £52.1m in net finance costs arising from higher average borrowings and a higher average coupon rate.

Basic and diluted earnings per share amounted to £88.59 compared to £58.95 last year.

Trading performance:

Revenue
Total revenue grew by £44.9m to £356.7m (2023: £311.8m) due to an uplift in occupancy to 96.2% (2023: 96.0%) and rental growth of 12.5% on existing properties, and the benefit of a full year of revenue from assets previously under development and acquisitions made part way through the prior year.

Costs
Total employee costs were £32.6m, a decrease of £1.5m over the year driven by income from management services provided to a related party more than offsetting the impacts of the 2023 pay review and a £0.4m (2023: £nil) charge for the Group's Long-Term Incentive Plan (LTIP).

Utilities costs increased by £5.3m to £28.1m (2023: £22.8m) reflecting an increase in cost base from entering new hedge contracts in the year. This compares to last year where the Group benefited from lower hedged rates agreed prior to the war in Ukraine.

Amortisation and depreciation increased by £0.2m and £0.6m, respectively compared to last year.

Profit metrics
The Group's strong revenue performance flowed through into both profit from operating activities and adjusted EBITDA resulting in growth of 18.7% to £230.3m (2023: £194.0m) and 18.9% to £235.4m (2023: £197.9m), respectively.

Adjusted profit before tax increased from £122.7m to £187.6m reflecting the Group's strong operating performance, after adjusting items of £5.2m for early cancellation costs on bank borrowings and £0.4m for the Group's LTIP charge.

EPRA earnings
EPRA earnings is a measure of the level of underlying operating results and an indication of the extent to which dividends are supported by recurring earnings. EPRA earnings exclude property valuation movements, adjusting items and deferred tax on the Group's derivatives. EPRA earnings decreased 94.3% to £0.6m (2023: £10.5m) due to an increase in net finance costs more than offsetting adjusted EBITDA growth.

Net finance costs

Net finance costs increased from £183.5m to £235.6m. The finance costs component increased from £185.4m to £241.2m with the increase reflecting mainly an average borrowing balance having increased by the equivalent proportion. In the year, the Group completed a refinancing of two of its facilities whereby the components are set out in the section below on bank borrowings. The costs of the refinancing include certain break costs in respect of previous borrowing facilities which were cancelled together with their related hedging instruments. Such costs have been excluded from adjusted earnings.

Tax

The Group's effective tax rate was 0.8% (2023: 3.9%) reflecting the Group's REIT status.

Dividend

In September 2024, the Group paid its first dividend (paid as a Property Income Distribution (PID)) since its formation as a REIT year in 2020. The amount paid was £3.2m which was net of an offset from tax losses.

Cash flows

The strong trading performance also translated into cash. Cash generated from operations increased by £35.2m to £237.6m (2023: £202.4m) demonstrating the continued strength of the underlying business.

The Group had net operating cash inflows of £40.4m (2023: £(10.0)m outflow) with net interest payments increasing by £29.7m to £168.6m (2023: £138.9m). Net premiums paid for new cash flow hedges entered and received for cash flow hedges terminated has decreased by £44.6m to £28.9m (2023: £73.5m).

Within cash generated from investing activities, with the continued support of its shareholders, the Group has continued to invest in its operational sites and developments with capital expenditure during the year of £172.0m (2023: £115.4m), of which £99.1m (2023: £21.9m) relates to expenditure on development properties, £42.1m (2023: £35.3m) invested as part of the Group's summer accretive capital programmes and a further £30.8m (2023: £58.2m) spent on maintenance programmes. No investment properties were purchased in the year (2023: £133.9m).

Cash inflows from financing activities in the year were £277.8m (2023: £213.1m). The Group refinancing of debt facilities and drawdowns on debt facilities in the year resulted in £3,034.2m (2023: £20.1m) of proceeds from bank borrowings and repayment of £2,899.5m of bank borrowings (2023: £nil). A drawdown of funding from shareholders of £198.1m was made in the year (2023: £195.1m) to fund development and hedging activity.

Balance sheet

The Group closed the year with net assets of £2,297.3m (2023: £2,086.9m) with EPRA NTA of £2,294.9m (2023: £2,020.4m). The main drivers of the £274.5m increase in EPRA NTA were profits generated and the impact of positive valuation movements on investment property, which more than offset the impact of the increase in bank borrowings.

Key components of the balance sheet are set out below:

Investment property
The Group's property portfolio is independently valued by CBRE and Knight Frank in accordance with RICS Valuation – Global Standards. The valuation of the property portfolio was £6,001.4m (2023: £5,633.5m), representing a 6.5% increase comprising capital expenditure of £180.6m and a net valuation gain of £187.3m. The main drivers behind the valuation gain were rental growth (supported through the Group's accretive capital expenditure programme) and capital expenditure on developments under construction, which more than offset the impact (£69.2m) from the loss of Multiple Dwellings Relief (MDR) on Stamp Duty Land Tax in the year.

Bank borrowings
The Group's bank borrowings comprise five senior borrowing facilities (2023: five) amounting to £3.7bn whereby during the year the Group:

- replaced two expiring facilities totalling £2.9bn with two new facilities totalling £3.2bn expiring in November 2026 and May 2027, both of which have extension options to 2029, exercisable within the Group's discretion and control, and in the case of the £2.6bn facility to 2030 with lender consent; and
- extended two other facilities of £75.0m and £63.7m to August 2025 and November 2025, respectively, although both still contain further extension options to August 2026 and November 2026, respectively.

The outstanding amount drawn on these facilities was £3.5bn. The average remaining term of the bank borrowings including Group-controlled extension options was 3.5 years (2023: 2.5 years) and the average cost of debt during the year was 6.58% (2023: 5.22%).

On 14 October 2024, the Group purchased an interest rate cap, effective from 2 September 2024, to hedge interest outflows on its new £2.6bn floating-rate facility.

Risk management

Risk management is an integral part of the Group's activities with a focus on key risks which could impact the achievement of strategic goals and accordingly on the performance of the business. Risks are considered at every level of the business including whenever undertaking refurbishment, business improvement and redevelopment projects.

Approach:
The successful management and mitigation of risk is critical for the Group to deliver its strategic priorities and a strong culture of risk management is fundamental to delivering on commitments to customers.

Whilst the ultimate responsibility for risk management rests with the Board of Directors, the effective day-to-day management of risk is integral to team culture and the way business is undertaken. In addition, a Risk Committee with representation from the Board reviews the risk management work of the operational team, which is responsible for the day-to-day identification, management and ownership of risks and the implementation of appropriate internal controls. The Executive Committee reviews the Group's principal risks quarterly, which in turn reports to the Risk Committee, also on a quarterly basis.

Governance and assessment of risk:
The Group's risk management framework is designed to identify the principal risks and ensure that risks are being appropriately monitored, controls are in place and required actions have clear ownership with requisite accountability. Risks are identified using both a 'top down' and a 'bottom up' approach to ensure that comprehensive risk identification and risk appetite are clearly defined. This allows the Group to respond quickly to changes in its risk profile and ensures risk management is factored into strategic decision making whilst embedding a strong risk management culture amongst colleagues with clear roles and accountability.

Through its top-down approach, the Board and Risk Committee have overall responsibility for risk oversight and determining the Group's approach to managing risks which are mapped to financial, regulatory, operational and reputational exposures. This ensures that effective risk management is integrated throughout the business and embedded within the Group's policies, processes, culture and values.

Appetite to risk is also set to be consistent with the Group's strategy, but also to ensure that risks are managed within certain parameters with an appropriate level of resource. Where controllable risks are outside the Group's risk appetite, these are managed down by implementing appropriate mitigations wherever possible.

The bottom-up approach ensures that effective day-to-day management of risk is embedded within operational business teams. This aligns risk management with operational responsibility and also allows potential new or emerging risks to be identified at an early stage such that required mitigating actions can be approved and put in place. Every effort is made to engage staff with risk-related issues so that lower-level risks are managed as well as more strategic ones. In addition, an internal audit function has recently been established to provide independent assurance by evaluating the effectiveness of risk management and internal control processes.

This overall approach enables a 'three lines of defence' model of risk management, with operational management forming the first line, risk management forming the second line, and internal audit providing the third line of defence.

Review of risks:
Once identified, risks are captured, categorised across the four categories of strategic, operational, financial, and regulatory and their likelihood and impact assessed to give an overall risk score. The Group's principal risks are defined as those likely to significantly affect the Group's strategic objectives, operations, or financial performance if not effectively managed. The level of residual risk for each principal risk is assessed taking account of the likelihood of occurrence and potential impact on the Group, and also applicable mitigating actions.

New and emerging risks:
Reviews are undertaken of emerging risks and corresponding mitigation strategies, including those that could threaten the Group's business model or liquidity. Emerging risks are assessed to determine how they may impact the Group's operations, considering both their potential timeframe and degree of certainty.

Areas of focus:
Key areas of focus during the year have included:

- *Monitoring of macro-economic and geopolitical risks impacting demand for student accommodation*: ongoing review of the impacts on the Group of economic stability of international source markets, UK and international government policy on student migration, higher education and student funding models and of the stability of the Group's Higher Education Institution customers;
- *Health and safety:* continued monitoring of the Group's approach to Health & Safety, with particular focus on fire safety and the Group's response to regulatory changes, including oversight of the Group's ongoing compliance with the Building Safety Act in relation to both existing buildings and construction projects;
- *Regulatory change:* review of the regulatory and public policy changes which may impact the Group, including changes to PBSA planning regimes and rental reforms in England and Scotland;
- *Operational processes:* risk reviews of higher risk operational processes to ensure compliance with relevant laws and regulations with the aim of mitigating compliance risks across the Group;
- *Emerging risks*: reviews included consideration of the risks associated with the change in government and new policies impacting the industry, the Group's reliance on international students, and proposed changes to the funding model for higher education;
- *ESG risks:* review of ongoing and emerging ESG risks to inform the Group's ESG strategy; and
- *Financial risks:* description and discussion of financial risks is set out in note 19 to the financial statements.

The Directors present their report and audited consolidated financial statements of IQSA Holdco Limited and its wholly owned direct and indirect subsidiaries (the 'Group'), together for the year ended 30 September 2024.

Directors of the Company

The Directors who held office throughout the year and up to the day of signing the financial statements, were as follows:

- Matthew Graham Merrick
- James Neil Mortimer
- Michael David Vrana
- Rachana Gautam Vashi
- Rayon Everton Taylor

Dividends

During the year the Company paid a dividend of £1.58 per share amounting to £3.2m which was paid as a Property Income Distribution (PID) (2023: £nil).

Risk management

Details of the key financial risk factors and how these are managed by the Group are set out in note 19 to the financial statements. Details of non-financial risks are included in the strategic report.

Disclosure of information to the auditors

Each of the directors has confirmed that, so far as they are aware, there is no relevant audit information of which the auditor is unaware. Each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors' indemnities and insurance

The Group has made third-party indemnity provisions, to the extent permitted by law, for the benefit of each Director and other officers against liabilities incurred in relation to acts of omissions arising in the ordinary course of their duties.

The Group has in place Directors & Officers Liability insurance cover for any claim for wrongful acts in connection with their positions. The insurance provided does not extend to claims arising from fraud or dishonesty.

Going concern

The Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further information is included in note 2.4 to the financial statements. The Directors therefore consider it appropriate to adopt the going concern basis in preparing the financial statements. The assessment period for the purposes of considering the going concern basis is June 2026, being at least 12 months from the date on which these financial statements have been signed.

Statement of Directors' responsibilities

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

Jersey Company law requires the Directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements are required to give a true and fair view of the state of affairs of the Company at the period end and the profit or loss of the Company for the reporting period. In preparing these financial statements, the Directors should:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable;
- Specify which generally accepted accounting principles have been adopted in their preparation; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume the Company will not continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the board of Directors on 3 December 2024 and signed on its behalf by:

Signed by:
James Mortimer
......EEE9CFE7A4BE48D.....
JAMES MORTIMER

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IQSA HOLDCO LIMITED

Opinion

We have audited the financial statements of IQSA Holdco Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 September 2024 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes 1 to 29, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 September 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK 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.

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 ability to continue to adopt the fair value of accounting included:

- Obtaining an understanding of the process followed by management to prepare the Group's going concern assessment which covers the period to 30 June 2026 ('the going concern period'), which is at least 12 months from when the financial statements are authorised for issue;
- Inspecting and recalculating management's going concern forecast model, including tests of arithmetic accuracy and recalculation of covenant tests;
- Understanding and challenging management's forecast cash flows by independently comparing the assumptions under the 'base case' and 'severe but plausible downside case' to corroborative evidence and by searching for contradictory evidence. Our challenge included sensitising the potential severity of downside scenarios in the going concern assessment period in light of current occupancy levels, uncertainty over the macro-economic conditions and geopolitical landscape, and the impact of the forecast cash trap on the Altus finance facility on the going concern assessment;
- Assessing management's reverse stress testing and performing our own analysis concluding that the occupancy reduction required to eliminate liquidity is remote in the context of historical performance;

- Checking the reasonableness of forecast cash outflows based on historical levels of expenditure, recent changes in occupancy levels, current UK economic conditions, identifying liabilities at the year-end and reviewing board minutes to identify any matters that may impact the going concern assessment;
- Verifying the refinancing of the CMBS and Balance Sheet loan facilities that occurred during the year, by reference to signed loan documentation and cash receipt;
- Agreeing key terms in the financing arrangements such as the nature of facilities, repayment terms, relevant covenants, how the cash trap mechanism is applied, and assessing the Group's substantive right to extend its loan facilities;
- Assessing the sufficiency and availability of the shareholder's funding of £190.0m (as reflected in its support letter), including understanding the ability of the shareholder to provide such support along with verifying historical support. We considered the wording of the support letter and challenged management's conclusion that the support can be relied upon for its intended use and in light of the caveats included in it; and
- Assessing the disclosures in the Annual Report and Consolidated Financial Statements relating to going concern, to ensure they are appropriate;

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 ability to continue as a going concern for the period to 30 June 2026.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of the Group.
Key audit matters	• Valuation of investment property and investment property under development, including capital deductions made in relation to the building improvement programme (BIP) • Improper revenue recognition, including the susceptibility to management override of controls
Materiality	• Overall Group materiality of £56.7m which represents 0.9% of total assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

All audit work performed for the purposes of the audit was undertaken by the Group audit team and covered the entire Group.

Changes from the prior year

The scope of our audit is consistent with the prior year covering all components of the Group.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Group has not identified any material risks from physical disruption nor any material risks or opportunities as the global economy transitions to significantly lower carbon emissions, therefore in the current period management has confirmed that no matters have arisen that would indicate any material risks or that this should be considered a principal risk. Our procedures on management's consideration of climate related risks focused on the knowledge obtained in the course of the audit that would indicate any heightened climate risk that could give rise to a material misstatement.

No material impact of climate change on the financial statements as at 30 September 2024 has been identified. Our audit effort in considering climate change was therefore focused on evaluating management's assessment that there is no material impact of climate change risk on those financial statements and the appropriateness of the related disclosures. This included assessing the management conclusion that no issues would materially impact the carrying values of the investment properties or have any other material impact on the financial statements. We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures.

Governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of International Financial Reporting Standards as adopted by the European Union.

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 our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Risk: Valuation of investment property and investment property under development, including capital deductions made in relation to the building improvement programme (BIP)

30 September 2024: £6,001.4m (30 September 2023: £5,633.5m)

Refer to the accounting policies in notes 3.8 (page30) and 4.2 (page 35); and Note 12 (page 42)

The valuation of investment properties requires significant judgement and estimates by management and its external valuers. Any input inaccuracies or unreasonable assumptions used in these judgements (such as in respect of market rents, yields and costs to complete) could result in a material misstatement of the income statement and balance sheet. In addition, the Group is undergoing a significant building improvement programme across its portfolio. The costs of this programme are subject to a high degree of estimation uncertainty which could also materially impact the income statement and balance sheet.

There is also a risk that as a result of insufficient management control, or management override of those controls, fraud or error could arise in the compilation of input data utilised to derive the valuations.

Our response to the risk

Our audit procedures around the valuation of investment property included:

- Performing a walkthrough of the process used to value the investment properties, including management's review procedures. We evaluated the design and implementation of the controls in place to prevent and detect the fraud and error over data and the valuation models used in the valuation of the investment property portfolio and management's review of the valuations;
- Evaluating the competence of the Group's external valuers, CBRE and Knight Frank, which included consideration of their qualifications and expertise;
- Reading the engagement agreement between management and the valuers to assess for evidence of undue management influence or scoping which could result in the valuations not complying with IFRS;
- Performing site visits for a sample of properties to verify existence and identify any potential physical conditions which are inconsistent with the valuation judgements and assumptions;
- Challenging the reasonableness of the impact of the macro-economic conditions in the valuations and the valuers' use of shortfall adjustment to market practice and expectations;
- Meeting with CBRE and Knight Frank to discuss their valuation approach and the judgements they made in assessing the property valuations. Such judgements included the yield, market rent assumptions and ongoing/ planned refurbishments, development progress and leasing status.
- Selecting a sample of investment properties to test, based on a number of factors including value and risk. In total our sample comprised 67% of the market value of investment properties. For this sample of properties we tested source documentation provided by the Group to CBRE and Knight Frank. This included agreeing inputs to the valuation back to underlying lease data and vouching costs incurred to date in respect of development properties;
- Including Chartered Surveyors in our audit team who reviewed and challenged the valuation approach and assumptions for the same sample of properties. Our Chartered Surveyors compared the yields applied to each property to an expected range of yields taking into account available market data and asset specific considerations. They considered whether the other assumptions applied by the external valuers, such as the estimated rental values, voids and development costs to complete were supported by available data. They also considered the appropriateness of adjustments made to take into consideration the impact of the macro-economic conditions and any refurbishment shortfall;
- Conducting analytical procedures on the properties not included in the sample reviewed in detail by our Chartered Surveyors by comparing assumptions and the value of each property by reference to our understanding of the UK real estate market, external market data and asset specific considerations to evaluate the appropriateness of the valuations adopted by the Group.
- Meeting with development directors and project managers for the Building Improvements Programme (BIP) and other key developments and assessing project costs, progress of development and leasing status and considering the reasonableness of the forecast costs to complete included in the valuations as well as identified contingencies, exposures and remaining risks, by comparing the total forecast costs to contractual arrangements and approved budgets. There remains uncertainty over the costs associated with remedial work to meet fire-safety regulations and potential for a change in the BIP estimate should any facts or circumstances change in the future. We have assessed the disclosures highlighting the uncertainty and the potential impact on the valuations;
- Challenging management's assessment of legal recourse in relation to contractors' liability for certain BIP works, through inquiries of the Group's in-house legal team and review of contracts and settlement

agreements. We have also reviewed board minutes and IQ presentations on BIP to Blackstone, the Group's sole shareholder, for any contra evidence to the recovery expectation; and

- Assessing the adequacy of the disclosures of estimates in Note 12 and valuation assumptions in Note 12 that were made in accordance with IFRS 13 – Fair Value Measurement.

Key observations communicated to the Board

Based on the procedures we performed, we consider the methodologies used to value the Group's investment properties to be appropriate. The valuation of the investment properties, investment property under development and BIP are a reasonable and consistent assessment of the market values as at 30 September 2024 and appropriately disclosed in the financial statements.

Risk: Improper revenue recognition, including the susceptibility to management override of controls

30 September 2024: £356.7m (30 September 2023: £311.8m)

Refer to the accounting policies in note 3.1 (page 28); and notes 5 and 24 (pages 36 and 57)

There is a risk that the occurrence or timing of revenue recognition in respect of rental income may be manipulated through fictitious revenue or topside journals to maintain revenue or profit targets.

Our response to the risk

Our audit procedures around improper revenue recognition, including the susceptibility to management override of controls included:

- Performing a walkthrough of the revenue recognition process including systems used, controls in place and the management review process;
- Challenging management's assessment of the application of IFRS 16 – Leases in the Group's role as lessor;
- Obtaining the Group's rent roll for student (direct) rental agreements and performing detailed testing of contracts back to supporting evidence including cash receipts and verifying input parameters used to generate the rent roll;
- Using data analysis, we used the rent roll to recalculate 100% of the Group's direct rental revenue by contract, including expected deferred income at the end of the year, using the terms of the contracts. We identified any material manual adjustments to this rent roll posted to the general ledger and tested a sample of these adjustments back to supporting evidence, including cash receipt;
- Obtaining a full list of university let agreements and testing a sample of these rental agreements, reconciling revenue recognised in the year, and revenue deferred at the year-end, back to the contract and to cash receipts;
- Performing additional targeted journal entry testing on manual journals to revenue which exhibit specific high-risk criteria, obtaining support for the business rationale and authorisation of such journals and concluding on whether they are unusual or fraudulent; and
- Assessing management's treatment of certain revenue adjustments such as adjustments for no shows and rent-free periods, for compliance with IFRS 16.

Key observations communicated to the Board

We concluded that revenue has been recognised on an appropriate basis in the year in accordance with the requirements of IFRS 16 and appropriately disclosed in the financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined overall materiality for the Group to be £56.7m (2023: £52.8m), which is 0.9% (2023: 0.9%) of total assets. We believe that total assets provides us with an appropriate basis to identify a material misstatement and is benchmarked against other listed property companies and REITs. We applied overall materiality to the investment property, loans and borrowings, derivatives and the related Income Statement balances. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

We determined that for other account balances not related to investment properties, loans and borrowings, derivatives and the related Income Statement balances, a misstatement of less than overall materiality for the financial statements as a whole could influence the economic decisions of users. We believe that it is most appropriate to use a profit-based measure as profit is also a focus of users of the financial statements.

We determined that materiality for these areas should be based upon 7% of Profit from operating activities before exceptional items. Profit from operating activities before exceptional items is considered an important performance metric and aligned with industry earnings measures. During the course of our audit, we reassessed initial materiality which has not resulted in a change from our planning materiality.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £42.5m (2023: £39.6m) overall or £12.0m (2023: £10.2m) for specific accounts. We have set performance materiality at this percentage due to a low expectation of audit differences based on our risk assessment and our experience with the Group in the prior year.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board and management that we would report to them all uncorrected audit differences in excess of £2.8m (2023: £2.6m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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 this 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 the other information, we are required to report that fact.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework, namely IFRS as adopted by the European Union, the Companies (Jersey) Law 1991 and, with regards to the Group's listing as a Real Estate Investment Trust (REIT) and Part 12 of the Corporation Tax Act 2010 (CTA 2010). In addition, we concluded that there are certain significant laws and regulations such as those relating to health and safety and building regulations.
- We understood how the Group is complying with those frameworks by making inquiries of management and those charged with governance. We assessed the Group's culture of honesty and ethical behaviour, and the processes in place to reward such behaviour and discourage behaviour not in keeping with these values. We corroborated our inquiries through inspection of Group policies, Board minutes, inspection of whistleblowing reports made to the Group's ethics hotline during the year and review of any relevant investigations undertaken.
- For compliance with CTA 2010, we involved members of our audit team with specialised tax knowledge and tested the Group's compliance with all requirements to remain registered as a REIT. This included the inspection of communications with HMRC regarding registration and certain other qualitative requirements, and the reperformance and reconciliation of quantitative tests back to the audited underlying accounting records.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by challenging where fraud is most likely to occur. This included understanding how management is incentivised by the Group's investors and where there may be opportunities to perpetrate fraud, for example through manipulation of fair value estimates or manipulation of revenue.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of senior management, and when applicable those charged with governance, as well as reading of board and risk committee meeting minutes. We tested manual journal entries and non-standard adjustments over revenue and inspected the documentation supporting the journal entries to challenge whether the transaction was genuine. We performed testing over the process over fair value estimates to identify any instances where undue pressure was placed on third party specialists to value the Group's assets in a way that does not comply with IFRS, and whether inaccurate underlying data was provided to the specialists which would misstate valuation conclusions.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.

Ernst & Young LLP

Rachel Savage
for and on behalf of Ernst & Young LLP
London
3 December 2024

IQSA Holdco Limited
Consolidated Income Statement
Year ended 30 September 2024

	Notes	2024 £m	2023 £m
Revenue	5	**356.7**	311.8
Cost of sales		**(89.2)**	(81.5)
		267.5	230.3
Administrative expenses		**(37.2)**	(36.3)
Profit from operating activities	6	**230.3**	194.0
Net valuation gain on investment properties	12	**187.3**	112.2
Operating profit		**417.6**	306.2
Finance income	9	**5.6**	1.9
Finance costs	9	**(241.2)**	(185.4)
Profit before tax		**182.0**	122.7

Adjusted profit before tax		**187.6**	122.7
Adjusting items	8	**(5.6)**	–
Profit before tax - total		**182.0**	122.7

Tax expense	10	**(1.4)**	(4.8)
Profit for the year attributable to equity shareholders		**180.6**	117.9
Earnings per share			
Basic and diluted	11	**£88.59**	£58.95

IQSA Holdco Limited
Consolidated Statement of Comprehensive Income
Year ended 30 September 2024

	2024	2023
	£m	£m
Profit for the year	**180.6**	117.9
Items that may be subsequently reclassified to the income statement		
Net loss on cash flow hedges	**(29.5)**	(28.2)
Deferred tax on derivatives	**1.7**	9.5
Total other comprehensive loss net of tax	**(27.8)**	(18.7)
Total comprehensive profit for the year	**152.8**	99.2

IQSA Holdco Limited
Consolidated Balance sheet
At 30 September 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Investment property	12	**5,747.3**	5,530.6
Investment property under development	12	**254.1**	102.9
Property, plant and equipment	13	**20.3**	10.2
Intangible assets	14	**3.7**	5.0
Derivative financial instruments	19	**0.2**	0.3
		6,025.6	5,649.0
Current assets			
Trade and other receivables	15	**37.2**	61.6
Derivative financial instruments	19	**7.1**	66.2
Cash and cash equivalents	16	**241.3**	94.6
		285.6	222.4
Total assets		**6,311.2**	5,871.4
Current liabilities			
Trade and other payables	17	**(556.2)**	(407.8)
Borrowings	18	**(23.7)**	(31.0)
		(579.9)	(438.8)
Non-current liabilities			
Trade and other payables	17	**–**	(2.4)
Borrowings	18	**(3,429.1)**	(3,343.3)
Derivative financial instruments	19	**(4.9)**	–
		(3,434.0)	(3,345.7)
Total liabilities		**(4,013.9)**	(3,784.5)
Net assets		**2,297.3**	2,086.9
Equity			
Share capital	20	**–**	–
Share premium		**2,464.0**	2,403.6
Cash flow hedging reserve	21	**(10.8)**	17.0
Retained deficit		**(155.9)**	(333.7)
Total shareholders' funds		**2,297.3**	2,086.9

Approved by the board of Directors on 3 December 2024 and signed on its behalf by:

Signed by:
James Mortimer
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JAMES MORTIMER

IQSA Holdco Limited
Consolidated Statement of Changes in Equity
Year ended 30 September 2024

		Share capital £m	Share premium £m	Cash flow hedging reserve £m	Other reserves £m	Retained deficit £m	Total equity £m
At 30 September 2022		–	2,403.6	35.7	7.1	(458.7)	1,987.7
Profit for the year		–	–	–	–	117.9	117.9
Other comprehensive income		–	–	(18.7)	–	–	(18.7)
Total comprehensive income		–	–	(18.7)	–	117.9	99.2
At 30 September 2023		–	2,403.6	17.0	7.1	(340.8)	2,086.9
Reclassification	*	–	–	–	(7.1)	7.1	–
At 30 September 2023 (re-presented)		**–**	**2,403.6**	**17.0**	**–**	**(333.7)**	**2,086.9**
Profit for the year		**–**	**–**	**–**	**–**	**180.6**	**180.6**
Other comprehensive income		**–**	**–**	**(27.8)**	**–**	**–**	**(27.8)**
Total comprehensive income		**–**	**–**	**(27.8)**	**–**	**180.6**	**152.8**
Share-based payment		**–**	**–**	**–**	**–**	**0.4**	**0.4**
Dividend		**–**	**–**	**–**	**–**	**(3.2)**	**(3.2)**
Share issue		**–**	**60.4**	**–**	**–**	**–**	**60.4**
At 30 September 2024		**–**	**2,464.0**	**(10.8)**	**–**	**(155.9)**	**2,297.3**

* The cumulative equity component of the charge in respect of share-based employee remuneration was previously shown separately within ‘Other reserves’. This reserve has now been reclassified into retained earnings to reflect that it forms part of this reserve.

IQSA Holdco Limited
Consolidated Statement of Cash Flows
Year ended 30 September 2024

	Notes	2024 £m	2023 £m
Cash generated from operations	23	**237.6**	202.4
Interest expense paid		**(264.7)**	(190.4)
Cash flow hedge interest income		**96.1**	51.5
Premiums on derivative financial instruments		**(28.9)**	(73.5)
Tax refund		**0.3**	–
Net cash generated / (used) in operating activities		**40.4**	(10.0)
Cash flows from investing activities			
Purchase of investment property		**–**	(133.9)
Capital expenditure on investment property		**(172.0)**	(115.4)
Purchases of intangible assets		**(1.6)**	(2.5)
Purchases of property, plant and equipment		**(3.5)**	(1.8)
Interest received		**5.6**	1.9
Net cash used in investing activities		**(171.5)**	(251.7)
Cash flows from financing activities			
Proceeds from bank borrowings		**3,034.2**	20.1
Repayment of bank borrowings		**(2,899.5)**	–
Funding from shareholder loans		**198.1**	195.1
Principal element of lease obligations		**(0.9)**	(0.5)
Loan arrangement and commitment fees		**(51.2)**	(0.5)
Loan commitment fees paid		**(0.3)**	(1.1)
Equity dividend paid		**(2.6)**	–
Net cash generated in financing activities		**277.8**	213.1
Net increase/ (decrease) in cash and cash equivalents	23	**146.7**	(48.6)
Cash and cash equivalents at the beginning of the year	23	**94.6**	143.2
Cash and cash equivalents at the end of the year	23	**241.3**	94.6

1 GENERAL INFORMATION

The Company is a public company listed on The International Stock Exchange (TISE), limited by shares, incorporated and domiciled in Jersey under the Companies (Jersey) Law 1991, but resident in the UK where all the Group's operations are based. The Company is also a UK real estate investment trust (REIT). The address of its registered office is 22 Grenville Street, St Helier, Jersey, JE4 8PX.

2 BASIS OF PREPARATION AND CONSOLIDATION

2.1 Basis of preparation

The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for investment properties, derivatives, retentions and developments which are stated at fair value.

Accounting policies have been applied consistently although certain presentational changes have been made with the objective of simplification and to assist in and aid the users' understanding.

2.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 September 2024.

A subsidiary is an entity controlled by the Company. Control is achieved where the Group is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results of subsidiaries are included in the income statement from the date of acquisition or, in the case of disposals, up to the effective date of disposal. Intercompany transactions and balances between Group companies are eliminated upon consolidation.

For acquisitions of subsidiaries that do not meet the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the acquired entities based on their relative fair values at the date of acquisition.

2.3 Alternative performance measures

The Group uses certain performance measures which are non-IFRS. The key measures comprise the following:

- Adjusted EBITDA and Profit before adjusting items: Used by the Directors and management to monitor business performance internally and exclude the same items as for EPRA earnings, but also certain cash and non-cash items, including exceptional items, which they believe are not reflective of the normal day-to-day operating activities of the Group. All adjusting items are accounted for in accordance with the policies set out in note 3. The Directors believe that disclosing such non-IFRS measures enables a reader to isolate and evaluate the impact of such items on results and allows for a fuller understanding of performance from year to year. Such adjusted performance measures may not be directly comparable with other similarly titled measures used by other companies.
- EPRA earnings and EPRA net assets: Calculated in accordance with guidance issued by the European Public Real Estate Association recommended bases.

2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

2.4 Going concern

The Directors have considered the appropriateness of adopting the going concern basis in preparing the financial statements where the assessment has considered cash flows covering the period to 30 June 2026 (the Going Concern Period), being at least 12 months from the date of authorisation of these financial statements.

The principal elements of the Group's financing arrangements comprise five borrowing facilities which are set out in note 18 to the financial statements such that during the year, the Group

- replaced two expiring facilities with new facilities expiring in November 2026 and February 2027, both expiries being beyond the Going Concern Period and both of which have extension options to 2029 exercisable within the Group's discretion and control and in the case of one facility to 2030 with lender consent; and
- extended two other facilities to August 2025 and November 2025, although both still contain further extension options to August 2026 and November 2026, respectively, whereby these dates are beyond the going concern period.

The majority of extension options are within the Group's discretion and control and as a result, these have been taken into account in the assessment of cash flows noting that all initial maturity dates or those maturity dates after exercise of extension options under the Group's discretion are beyond the Going Concern Period. Interest rate hedging requirements for each facility have also been included in the cash flow forecasts.

The borrowing facilities' financial covenants are debt yield and loan to value (LTV), which are 'soft' covenants rather than events of default and if breached would result in the facilities entering into a cash trap, meaning that the use of cash to service the borrowing is prioritised over any other usage. The cash trap is released when certain conditions are met, typically two successive quarters of achieving the covenant threshold.

The Group has considered two cash flow scenarios: a base case and a severe but plausible downside scenario. Both scenarios assume that the Group's shareholders will provide additional cash support to fund specific committed developments, and the shareholders have provided a capped letter of support equivalent to the value of such committed developments. Additionally, the Group's shareholders have confirmed that that they will extend any repayment terms relating to current or future loans such that no repayments would be required within the Going Concern Period.

The base case assumes trading for the 2024/25 and 2025/26 academic years continue in-line with current expectations and reflects the current occupancy for the 2024/25 academic year as well as all planned and committed capital expenditure. In the base case, the Group remains in a positive cash position throughout the Going Concern Period.

In the severe but plausible downside scenario, it is considered that the greatest uncertainty relates to occupancy levels. Accordingly, the Group has additionally performed reverse stress test sensitivities on the 2025/26 academic year. It has been concluded that the likelihood of this scenario eliminating the base case headroom is remote and the Group is forecast to remain cash positive throughout the Going Concern Period. In addition, the Group could seek to reduce operating costs or defer uncommitted accretive capital expenditure projects to provide additional headroom were it to be required.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the Going Concern Period and accordingly continue to adopt a going concern basis for the preparation of the financial statements.

2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

2.5 Impact of new and amended accounting standards and interpretations

New accounting standards, amendments to standards and IFRIC interpretations which became applicable during the year or have been published but are not yet effective, were either not relevant or had no, or are not expected to have a material impact on the Group's results or net assets other than disclosures.

In respect of IFRS 18: 'Presentation and Disclosure in Financial Statements' which was issued in June 2024 and will first be effective for the Group for the financial year ending 30 September 2028, the impacts will be presentational only, but the Group is currently still assessing the full effects which currently are not yet practicable to quantify.

In addition to the above, an assessment has been undertaken on the Pillar 2 tax legislation (effective 1 January 2024), which is based around undertaxed profits. The Group is not expected to meet the minimum threshold in place for the legislative rules to apply.

3 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

3.1 Revenue

Revenue comprises mainly rental income from students as well as rental income from leases to universities and commercial tenants. Further revenue is also derived from the operations of a hotel business and other ancillary income such as from laundry and cancellation fees.

Rental income from investment property, including fixed rental uplifts, is recognised as revenue on a straight line basis over the lease term. Fixed percentage uplifts are also recognised on a straight-line basis over the lease term and index-based uplifts are recognised periodically in line with their lease term.

Lease incentives and costs associated with entering into occupier leases are capitalised and then amortised over the lease term on a straight line basis as a reduction in rental income.

Revenue from the hotel business and other ancillary income is accounted for under IFRS 15 and is recognised over time as the customer progresses through their occupancy.

3.2 Cost of sales

Cost of sales consists of costs that are directly related to the generation of rental income and are incurred in managing the properties, including staff costs, utilities, maintenance, and other administrative costs. It also includes impairment loss on trade receivables.

3.3 Retirement benefits

Payments to defined contribution pension plans are charged as an expense as they fall due. The Group has no further obligations once the contributions have been paid.

3 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.4 Share-based payments

The Group operates a Long-Term Incentive Plan (LTIP) for certain employees, including directors, in accordance with a performance-based formula which rewards employees by reference to returns to shareholders. The fair value of the LTIP is based on the Black-Scholes option pricing model and is expensed over the vesting period to reflect expected and actual levels vesting, which incorporate forfeitures, with the corresponding adjustments made in equity.

3.5 Finance costs

Net finance costs include interest payable on debt, derivative financial instruments, interest on head leases and other lease obligations, debt and loan facility cancellation costs, net of interest receivable on funds invested and hedge ineffectiveness.

3.6 Tax

Tax exempt status

The Company has elected for UK REIT status. To continue to benefit from this tax regime, the Group is required to comply with certain conditions as outlined in note 10. Management intends that the Group will continue as a UK REIT for the foreseeable future.

Current and deferred tax

Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case the tax is also recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the non-exempt profit for the year net of allowable expenses and tax deductions using the tax rate(s) prevailing during the accounting period, together with any adjustment to the tax payable in relation to previous periods. The current tax charge is calculated using tax rates that are enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax law is subject to interpretation, and establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply in the period when the liability is settled or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax is measured using the tax rates (and laws) that are expected to apply when the underlying temporary differences reverse, based on the rates enacted or substantially enacted at the balance sheet date.

No provision is made for temporary differences arising on the initial recognition of assets or liabilities (other than in a business combination) and leases that affect neither accounting nor taxable profit and relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group intends to settle on a net basis.

3 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.7 Foreign currency

Foreign currency transactions are translated into sterling using the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the income statement.

3.8 Investment property

Investment properties, including properties under development, are initially recognised at cost, being the fair value of consideration given plus associated direct costs.

After initial recognition, investment properties are measured at fair value at each reporting date, being market value as determined by professionally qualified external valuers, with changes in fair value recognised in the consolidated income statement.

Subsequent expenditure incurred in improving investment properties is capitalised where it is probable that the future economic benefits associated will flow to the Group, and the cost can be reliably measured. Such expenditure includes the unamortised balance of any capitalised occupier incentives and other associated development outgoings.

3.9 Leases

The Group as a lessee
Leased assets are capitalised on inception of the lease as right-of-use assets and depreciated over the shorter of the non-cancellable lease period and any extension options that are considered reasonably certain to be taken or the useful life of the asset.

A corresponding lease liability, representing the present value of all lease payments is also recognised. The discounted lease liability is calculated, where possible, using the interest rate implicit in the lease. Where this is not readily attainable the incremental borrowing rate equivalent to the average cost of debt at the inception of the lease to reflect what the Group would have to pay to borrow the funds necessary to obtain a similar asset under similar conditions and adjusted for length of the lease and a risk premium.

Lease payments are allocated against the principal and finance cost. Finance costs, representing the unwinding of the discount on the lease liability are expensed to produce a constant periodic rate of interest on the remaining liability.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low value asset recognition exemption to groups of underlying leases, such as those under peppercorn rents, where the underlying assets leased are considered uniformly low value. Lease payments on short-term leases and leases of low-value assets are expensed to the income statement.

3 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The Group as the lessor
The Group leases out owned properties held within investment properties under operating leases. Such properties include:

- **Student leases**: Direct let whereby such leases are Assured Shorthold Tenancy agreements between the Group's operating companies and each student tenant and are short-term, normally running from September for a period of up to 51 weeks.
- **University leases**: with UK universities, both during the academic year and the summer which are generally longer term arrangements.
- **Commercial leases**: with commercial tenants.

The term of all leases is considered to be significantly less than the useful economic life of the leased asset and accordingly, the Group retains the risks and rewards of the ownership of the assets. On this basis, these leases are accounted for as operating leases, apportioning rental income on a straight-line basis over the life of the lease.

3.10 Property, plant and equipment

Such assets are stated at cost less accumulated depreciation and, where appropriate, provision for impairment in value. Cost includes the original purchase price and any costs attributable to bringing the asset to its working condition for intended use. Assets that are not yet available for use are not depreciated.

Depreciation is calculated at an individual asset level, using the straight-line method to allocate the cost over the assets' estimated useful lives as follows:

- Freehold land: not depreciated
- Freehold buildings: 40 years
- Right-of-use assets 5 – 10 years
- Fixtures and fittings: 5 years
- Computer hardware: 3 years

A review is undertaken upon the occurrence of events or circumstances which indicate that the carrying amount may not be recoverable. In addition, any assets not yet available for use are tested for impairment annually. The residual value of freehold land and useful economic lives of other assets are reviewed and adjusted if appropriate, at least at the end of each financial reporting period.

An asset's carrying amount is impaired immediately to its recoverable amount if its carrying amount is greater than its recoverable amount. Note 3.12 sets out further information regarding the impairment of non-financial assets.

3 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.11 Intangible assets

Computer software
Computer software is capitalised on the basis of the costs incurred both to acquire and bring into use the specific software. Costs associated with developing or maintaining computer software are recognised as an expense as incurred unless they increase the future economic benefits of the asset, in which case they are capitalised. Computer software is stated at cost less accumulated amortisation and, where appropriate, provision for impairment in value or estimated loss on disposal.

Internally generated computer software is capitalised at cost if the project is technically and commercially feasible and the economic benefits which are expected to be generated exceed one year. The expenditure capitalised includes the cost of materials, direct labour and where applicable an appropriate proportion of overheads. Subsequent expenditure is capitalised, only when it increases the future economic benefits embodied in the specific asset to which it relates. Software under development is not amortised, but held at cost less any impairment loss.

Cloud computing arrangements
When the Group incurs configuration and customisation costs as part of a cloud-based software-as-a-service (SaaS) agreement, and where this does not result in the creation of an asset which the Group has control over, such costs are expensed. Licence agreements to use cloud software are treated as service contracts and expensed, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets.

Amortisation of intangible assets is provided on a straight line basis over the following useful lives:

- Software: Between 3 and 5 years

3.12 Impairment of non-financial assets

Such assets comprise mainly property, equipment, right-of-use assets, intangible assets and a review is undertaken upon the occurrence of events or circumstances which indicate that the carrying amount may not be recoverable. In addition, any assets not yet available for use are tested for impairment annually.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to determine the recoverable amount for an individual asset, the assessment is made for the asset's CGU. Each of the Group's properties is considered to be independent CGU.

3 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.13 Financial assets

The Group classifies all of its financial assets as either amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The Group's non-derivative financial assets comprise:

- Cash and cash equivalents
- Trade and other receivables, excluding lease incentive, accrued income and prepayments

To determine their classification and measurement category, all financial assets and derivatives, are required to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The business model assessment reflects how the Group manages the risks relating to the underlying financial assets, including whether the Group's principal objective is to collect the contractual cash flows arising from the instruments (amortised cost), to sell the financial instruments (FVTPL) or a combination thereof (FVOCI).

3.14 Trade and other receivables

Trade and other receivables are initially measured at fair value, subsequently measured at amortised cost less a provision for expected credit loss. In calculating the loss allowance, the Group applies the simplified approach under IFRS 9 and applies estimates by reference to changes in the actual levels of default experienced and wider macroeconomic factors.

3.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or fewer.

3.16 Financial liabilities

Financial liabilities are those which involve a contractual obligation to deliver cash or other financial asset to external parties at a future date. The Group recognises all financial liabilities initially at fair value and subsequently at amortised cost unless otherwise stated.

The Group's non-derivative financial liabilities comprise:

- Borrowings
- Trade and other payables, excluding deferred income, accruals and other taxes and social security costs
- Lease liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expired.

3.17 Trade and other payables

Trade payables (excluding derivative financial liabilities) are non-interest bearing and are stated at cost which equates to their fair value and, where the effect is material, discounted to reflect the time value of money.

3 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.18 Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of the loan or facility are deferred and amortised over the life of the borrowing including any periods of extension up to one year prior to maturity where the Group has both control and intention over the exercise of any such extension options representing the expected period up to which the Group will typically refinance such borrowings.

3.19 Tenant deposits

Tenant deposits relate to advance lease payments which are initially recognised at fair value and are subsequently measured at amortised cost.

3.20 Derivative financial instruments

The Group uses derivative financial instruments (specifically interest rate caps and swaps) to hedge its exposure to interest rate risks. These instruments are recognised initially at fair value, which equates to cost and are subsequently remeasured at fair value, with changes in fair value being included in the consolidated income statement, except where hedge accounting is applied.

To qualify for hedge accounting, at the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item along with its risk management objectives and its strategy for undertaking the hedge transactions, the nature of the risks being hedged and an assessment of the effectiveness of the hedging relationship to ensure it is highly effective on an ongoing basis. Where the critical terms of the derivative financial instrument are closely aligned with that of the hedged item, a qualitative approach is applied to establish the economic relationship between the two. To the extent that there are mismatches either at the inception of the hedging relationship or during the life of the hedge, quantitative methods such as regression testing and management judgments are applied to assess effectiveness of the hedging relationship. The Group designates each hedging instrument in a 1:1 hedge ratio against an equivalent notional amount of hedged item, however, should an insufficient amount of hedged item be available the hedging instrument will be proportionally designated as appropriate.

Where a derivative does qualify for hedge accounting, any changes in fair value are recognised depending on the nature of the hedge relationship and the item being hedged as follows:

Cash flow hedges

Cash flow hedges are classified as such where derivative financial instruments hedge the Group's exposure to variability in cash flows resulting from a highly probable forecasted transaction. Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income (FVOCI) and accumulated in the cash flow hedging reserve. The gain or loss relating to any ineffective portion (such as in relation to payment date mismatch) is recognised immediately in the income statement within net finance costs. Any time value portion of measuring an instrument is determined on a hedge by hedge basis through the cash flow hedging reserve.

When the hedged item is recognised in the income statement, amounts relating to the hedging instrument previously recognised in other comprehensive income are reclassified to income statement, offsetting the gain or loss on the hedging instrument.

3 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.20 Derivative financial instruments (continued)

The Group amortises upfront premiums incurred on entering a hedge agreement through the income statement on a systematic basis over the life of the hedge agreement. This choice is evaluated on an instrument-by-instrument basis.

Should circumstances arise where the hedge relationship subsequently proves ineffective, is early settled, or is terminated, any gain or loss recognised in the cash flow hedge reserve that remains is recognised in the income statement when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the income statement.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Judgements and estimates are evaluated regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Any revisions to accounting estimates are recognised in the period in which the estimate is revised.

4.1 Significant judgements

Share based payments

As described in note 3.4, the Group operates a Long-Term Incentive Plan (LTIP) for certain employees in accordance with a performance based formula.

The LTIP can be settled via cash or equity at the discretion of the ultimate shareholders but a key judgement is the classification of the scheme as equity settled, as opposed to cash settled because the option to settle via equity has commercial substance and there is no constructive obligation to settle in cash.

4.2 Key sources of estimation uncertainty

Investment property

Valuations are inherently subjective due to, among other factors, the individual nature of each property, its location, and the expected future rental income. The portfolio is valued by external valuers and are in accordance with the RICS Valuation - Global Standards. Areas of estimate incorporated in the valuation include, but not limited to, rental income, net initial yield (NIY), occupancy rates, rental growth, operating costs, discount rates and Building Improvement Programme (BIP) deductions.

The valuation technique for student accommodation properties is primarily based on the direct capitalisation approach which takes into account property-specific information such as current tenancy agreements, rents achieved and market rents, operating costs and capital expenditure. A projected Gross Development Value (GDV) is used to value the developments less costs to complete. Both approaches adopt a ten-year cash flow period. Where a property has nomination agreements, the assumption is that the property will achieve market rent at the end of its nomination agreement with a yield adjustment made if required due to the length of the agreement. In addition, a capital deduction for forecast BIP works is incorporated in the valuation.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

In addition, a discounted cash flow (DCF) has been undertaken as a second approach to cross check the direct capitalisation approach and GDV methodology and to sense check the internal rate of return (IRR) with the following key inputs: net operating income (NOI) (total revenue from the property less operating costs directly related to the property), future rental growth, expected occupancy rates, tenancy length, and net initial and exit yield. Key considerations in the rental growth applied include current rental and occupancy rates. Where the factors indicate a different level of likely rental growth for a particular asset, the cash flow is adjusted accordingly. For all investment properties the valuation assumes the highest and best use.

Given the inherent subjectivity, the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the PBSA market. This may mean that the value of the Group's properties differs from their valuation reported. A sensitivity analysis on the most significant assumptions impacting the valuations is set out in note 12.

Subsequent to 2017, the Government undertook a wholesale review of building safety and fire regulations with the introduction of the Fire Safety Act 2021, the Building Safety Act and PAS 9980. Whilst the Group has worked closely with fire risk assessors to ensure that all its properties remain safe to occupy, should any properties in due course be considered to be unsafe, it could materially affect valuations.

The Group has operated the BIP since 2019 that is staffed by a dedicated expert team which reviews the condition of the entire portfolio on an annual basis, including where available, fire risk appraisals of external walls (FRAEWs) and oversees any remediation projects. The BIP focussed initially on the remediation of the highest priority aluminium composite material (ACM) and high-pressure laminate (HPL) cladding whereby work is complete on all existing ACM projects and all bar one HPL project (where the property was acquired during the prior year, with expected completion due in summer 2025). In addition, the Group has a response plan to address buildings with material not of limited combustibility (MNLC) and other defects following the release of PAS 9980 in 2022. Given the nature of the works involved and the complexity of estimating the remedial works required, a high degree of estimation is required.

Inputs to the valuations, some of which are 'unobservable', have been subject to a sensitivity analysis as set out in note 12.3.

5 REVENUE

	2024	2023
	£m	£m
Rental income	**349.9**	305.6
Other ancillary income	**6.8**	6.2
Total revenue	**356.7**	311.8

Rental income from leases to students is generally from leases of less than one year aligned to the academic year. Rental income from commercial and university property operating leases have remaining lease terms up to 15 years and generally include clauses to enable periodic upward revisions of the rental charges by retail price index, a fixed percentage, or a fixed percentage plus retail price index adjustment based on the prevailing market conditions. Both types of leases have options to break the lease after a period as specified in the individual lease agreement.

6 PROFIT FROM OPERATING ACTIVITIES

6.1 Profit from operating activities is stated after charging

		2024	2023
		£m	£m
Employee costs		**32.6**	34.1
Depreciation		**1.8**	1.2
Amortisation		**2.9**	2.7
Auditor remuneration	*	**1.5**	1.6

* 2023: Excludes £0.2m arising as a result of additional work in respect of extension to audit scope.

6.2 Employee costs

	2024	2023
	£m	£m
Wages and salaries	**27.8**	30.0
Social security costs	**3.1**	3.0
Other employee benefits	**1.3**	1.1
Share based payment expense	**0.4**	–
	32.6	34.1
Site operatives – cost of sales	**13.4**	12.6
Management and administrative – administrative expenses	**19.2**	21.5
	32.6	34.1

6.3 Average number of employees, including directors

	2024	2023
Site operatives	**526**	497
Management and administrative	**195**	182
	721	679

7 KEY ALTERNATIVE PERFORMANCE MEASURES

Adjusted EBITDA and adjusted profit before tax have been determined to be key internal metrics. EPRA earnings and EPRA net assets are calculated in accordance with guidance issued by the European Public Real Estate (EPRA) recommended bases. Reconciliations from Reported Group (IFRS) profit measures to these measures are set out below.

7.1 Alternative earnings measures

	Note	**2024** **£m**	2023 £m
Profit from operating activities		**230.3**	194.0
Depreciation and amortisation		**4.7**	3.9
Share-based payments	8	**0.4**	–
Adjusted EBITDA		**235.4**	197.9
Profit before tax		**182.0**	122.7
Adjusting items	8	**5.6**	–
Adjusted profit before tax		**187.6**	122.7
Profit after tax		**180.6**	117.9
Net valuation gain on investment property		**(187.3)**	(112.2)
Adjusting items	8	**5.6**	–
Deferred tax expense		**1.7**	4.8
EPRA earnings		**0.6**	10.5

7.2 Alternative net asset measures

	2024 **£m**	2023 £m
Balance sheet net assets	**2,297.3**	2,086.9
Fair value of interest rate caps	**(5.2)**	(64.9)
Fair value of interest rate swaps	**2.8**	(1.6)
EPRA NTA	**2,294.9**	2,020.4

8 ADJUSTING ITEMS

		2024 **£m**	2023 £m
Included in profit from operating activities			
Share-based payments		**0.4**	–
Included in financing costs			
Early cancellation costs	*	**5.2**	–

* Comprises write-off of up-front fees arising on early cancellation of bank borrowings and redemption premiums which are considered outside of day-to-day financing activities and are accordingly excluded from adjusted earnings.

9 FINANCE INCOME AND COSTS

	Note	**2024** **£m**	2023 £m
Finance income			
Interest income on short-term deposits		**5.6**	1.9
Finance costs			
Interest on bank borrowings		**(251.5)**	(204.1)
Interest on lease liability		**(0.2)**	(0.1)
Other interest expenses		**–**	(1.4)
Amortisation of bank borrowing arrangement fees		**(3.9)**	(2.6)
Interest income on derivatives		**21.1**	24.4
Cancellation costs on bank borrowings	8	**(5.2)**	–
Other finance expense		**(1.5)**	(1.6)
		(241.2)	(185.4)
Net finance costs		**(235.6)**	(183.5)

Interest income on derivatives comprises £67.6m (2023: £40.7m) of amortisation of hedge premiums offset by £88.7m (2023: £65.1m) of interest income on derivatives.

10 INCOME TAX

The Group has been a REIT since 1 October 2020 which exempts the Group's property income and gains from corporate taxes provided a number of conditions relating to the Group's activities are met. These conditions include, but are not limited to, distributing at least 90% of the Group's tax exempt profits as property income distributions (PID) within 12 months of the period end to which the profit relates. PIDs will be paid net of applicable withholding tax (currently 20%), which will be paid directly to HMRC on behalf of the shareholder.

Profits and gains outside of the property rental business are subject to UK corporation tax of 25% (2023: 22%, being the weighted average rate of 25% in effect from 1 April 2023 and the rate prior to that of 19%).

10.1 Income tax expense

	2024 **£m**	2023 £m
Current tax		
UK taxation at 25% (2023: 22%)	**–**	–
Adjustment in respect of prior years	**(0.3)**	0.6
	(0.3)	0.6
Deferred tax		
Movements in deferred tax assets in respect of tax losses	**4.2**	4.4
Movements in deferred tax liabilities from timing differences	**0.4**	(0.2)
Adjustments in respect of prior years	**(2.9)**	–
	1.7	4.2
Total income tax expense	**1.4**	4.8

10.2 Reconciliation from tax at corporate rate to tax at effective rate

	2024 **£m**	2023 £m
Profit on ordinary activities before taxation	**182.0**	122.7
Tax at the UK corporation tax rate of 25% (2023: 22%)	**45.5**	27.0
Income not taxable under the REIT regime	**(60.0)**	(36.4)
Non-deductible expenses	**0.3**	–
Adjustments in respect of prior years	**–**	0.6
Tax losses on which no deferred tax asset is recognised	**18.5**	9.4
Derecognition of previously recognised deferred tax asset	**–**	4.4
Adjustments in respect of prior years	**(2.9)**	–
Other items	–	(0.2)
Total income tax expense	**1.4**	4.8

10 INCOME TAX (CONTINUED)

10.3 Deferred taxes

Deferred tax assets

	Tax losses £m	Temporary differences £m	Total £m
At 1 October 2022	4.7	1.8	6.5
Current year movements	(2.7)	(1.7)	(4.4)
Adjustments in respect of prior years	–	–	–
At 30 September 2023	2.0	0.1	2.1
Current year movements	**(4.1)**	**(0.1)**	**(4.2)**
Adjustments in respect of prior years	**2.9**	**–**	**2.9**
At 30 September 2024	**0.8**	**–**	**0.8**

Deferred tax liabilities

	Capital allowances £m	Business combinations £m	Derivatives £m	Total £m
At 1 October 2022	–	(0.6)	(11.2)	(11.8)
Current year movements	–	0.2	9.5	9.7
At 30 September 2023	–	(0.4)	(1.7)	(2.1)
Current year movements	**(0.6)**	**0.2**	**4.6**	**4.2**
Adjustments in respect of prior years	**–**	**–**	**(2.9)**	**(2.9)**
At 30 September 2024	**(0.6)**	**(0.2)**	**–**	**(0.8)**

	2024 £m	2023 £m
Net deferred tax asset / (liability) recognised	–	–

The Group has tax losses of £137.1m (2023: £56.7m) on which no deferred tax asset has been recognised as it is not considered probable that taxable profits will arise on which the losses may be offset

11 EARNINGS PER SHARE (EPS)

EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Group by the weighted average number of shares outstanding during the period.

	2024	2023
Profit attributable to ordinary shareholders of the parent	**£180.6m**	£117.9m
Weighted average number of ordinary shares for basic and diluted EPS	**2,038,083**	2,000,000
Basic and diluted earnings per share	**£88.59**	£58.95

12 INVESTMENT PROPERTY

12.1 Carrying value

	Student accommodation £m	Property under development £m	Total £m
At 1 October 2022	5,199.5	64.8	5,264.3
Acquisitions	120.5	17.5	138.0
Capital expenditure	94.8	24.2	119.0
Transfer from property under development	22.4	(22.4)	–
Net valuation gain	93.4	18.8	112.2
At 30 September 2023	**5,530.6**	**102.9**	**5,633.5**
Capital expenditure	**69.1**	**111.5**	**180.6**
Net valuation gain	**147.6**	**39.7**	**187.3**
At 30 September 2024	**5,747.3**	**254.1**	**6,001.4**

12.2 Measurement of fair values

Investment properties are stated at fair value based on external valuations performed by professionally qualified, independent valuers, CBRE Ltd ('CBRE') and Knight Frank LLP ('Knight Frank'). The valuations conform to market standards and accord with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards. In estimating the fair value of the properties, the valuers consider the highest and best use of the properties.

Properties under development are predominantly valued using a residual appraisal technique, unless a different valuation technique (usually the direct capitalisation approach) is considered more appropriate, however such instances are not significant. The residual appraisal approach assumes that the development is completed, let and stabilised at market rents and uses the gross development value on a discounted cash flow basis less costs to complete, including an allowance for developer's profit.

12.3 Sensitivity analysis on valuations

Significant unobservable inputs and the sensitivities set out below relate to the Group's core student accommodation properties only and therefore exclude commercial income properties and the hotel business. In addition, one property (2023: one) included in Property under development is valued based on the existing office use and is not included in the sensitivity analysis below. This property is not material to the overall investment property portfolio and fluctuations in the inputs are not expected to have a material impact on the consolidated financial statements.

The sensitivities and unobservable input ranges are based on the Direct capitalisation approach, using the Group's contracted income.

12 INVESTMENT PROPERTY (CONTINUED)

Significant unobservable inputs in calculation of fair value as at 30 September 2024

Significant unobservable input		**Student accommodation £**	**Property under development £**
Net Operating Income (NOI)	Low	**1,365**	**6,962**
	Average	**13,090**	**11,073**
	High	**31,230**	**12,530**
		%	**%**
Net Initial Yield (NIY)	Low	**2.61**	**4.92**
	Average	**4.71**	**5.07**
	High	**9.19**	**5.20**
		£	**£**
Costs to complete per bed	Low	**–**	**51,434**
	Average	**–**	**96,296**
	High	**–**	**104,201**

Sensitivity of changes in significant unobservable inputs (Level 3) on the fair value of the portfolio

	Sensitivity	**Student accommodation £m**	**Property under development £m**
Portfolio value	–	**5,747.3**	**254.1**
Significant unobservable input			
NOI	+5%	**291.1**	**36.8**
	-5%	**(293.0)**	**(36.8)**
NIY	-25bp	**338.1**	**35.9**
	+25bp	**(303.9)**	**(32.5)**
Costs to complete	-5%	**–**	**15.8**
	+5%	**–**	**(15.8)**
BIP	+10%	**(10.4)**	**–**
	+25%	**(24.5)**	**–**

A one-off capital deduction for forecast BIP costs is included in the valuations as explained in note 4.2. For every £1 increase in capital deduction, there would be an equal and opposite reduction in the valuation.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings £m	Fixtures & equipment £m	Right of use asset £m	Total £m
Cost				
At 1 October 2022	8.2	2.0	2.1	12.3
Additions	1.4	0.4	–	1.8
At 30 September 2023	9.6	2.4	2.1	14.1
Additions	**0.2**	**3.3**	**8.4**	**11.9**
Disposals	**–**	**(1.6)**	**(1.8)**	**(3.4)**
At 30 September 2024	**9.8**	**4.1**	**8.7**	**22.6**
Accumulated depreciation				
At 1 October 2022	(0.2)	(1.3)	(1.2)	(2.7)
Depreciation expense	(0.2)	(0.5)	(0.5)	(1.2)
At 30 September 2023	(0.4)	(1.8)	(1.7)	(3.9)
Depreciation expense	**(0.2)**	**(0.6)**	**(1.0)**	**(1.8)**
Disposals	**–**	**1.6**	**1.8**	**3.4**
At 30 September 2024	**(0.6)**	**(0.8)**	**(0.9)**	**(2.3)**
Net book value				
At 30 September 2023	9.2	0.6	0.4	10.2
At 30 September 2024	**9.2**	**3.3**	**7.8**	**20.3**

14 INTANGIBLE ASSETS - SOFTWARE

	2024	2023
	£m	£m
Cost		
At 1 October	**12.8**	10.3
Additions	**1.6**	2.5
Disposals	**(0.5)**	–
At 30 September	**13.9**	12.8
Accumulated amortisation		
At 1 October	**(7.8)**	(5.1)
Amortisation	**(2.9)**	(2.7)
Disposals	**0.5**	–
At 30 September	**(10.2)**	(7.8)
Net book value	**3.7**	5.0

15 TRADE AND OTHER RECEIVABLES

	2024	2023
	£m	£m
Rents receivable	**18.3**	32.0
Lease incentive	**1.4**	1.4
Accrued income	**4.1**	0.9
Prepayments	**6.2**	4.7
Other financial assets	**5.7**	22.6
Due from related party	**1.5**	–
Trade receivables, net of provision for impairment	**37.2**	61.6

15.1 Analysis of movements in provisions against rents receivable

	2024	2023
	£m	£m
At 1 October	**10.2**	9.2
Additions	**7.1**	1.4
Utilisation	**(12.8)**	(0.4)
At 30 September	**4.5**	10.2

15.2 Components of provisions against rents receivable

			2024			2023
	Gross rent receivables	**Provision**	**Net rent receivables**	Gross rent receivables	Provision	Net rent receivables
	£m	**£m**	**£m**	£m	£m	£m
Students	**17.4**	**(3.0)**	**14.4**	31.1	(8.5)	22.6
Universities	**4.2**	**(1.1)**	**3.1**	9.9	(1.3)	8.6
Commercial tenants	**1.2**	**(0.4)**	**0.8**	1.2	(0.4)	0.8
	22.8	**(4.5)**	**18.3**	42.2	(10.2)	32.0

	2024	2023
Ageing profile	**£m**	£m
Less than 1 month	**16.5**	26.5
1 – 12 months	**1.8**	5.5
	18.3	32.0

Provisions have been determined by providing in full against balances overdue by 90 days or more, except for specific instances where the balance has been deemed to not be at risk of default. Depending on circumstances additional specific provisions have been made for certain other receivables. During the year, an exercise was undertaken to write off older fully provided gross rent receivables with the corresponding utilisation recorded in the provision against rent receivable.

16 CASH AND CASH EQUIVALENTS

	2024 **£m**	2023 £m
Cash at bank and in hand	**239.6**	92.9
Deposits	**1.7**	1.7
	241.3	94.6
Restricted amounts included above		
For payment of interest under the terms of the Group's debt facilities	**12.1**	20.4
Tenant deposits	**1.7**	1.7
	13.8	22.1

17 TRADE AND OTHER PAYABLES

			2024			2023
	Non-current £m	**Current £m**	**Total £m**	Non-current £m	Current £m	Total £m
Trade payables	**–**	**9.7**	**9.7**	–	13.8	13.8
Deferred revenue	**–**	**132.3**	**132.3**	–	128.8	128.8
Tenant deposits	**–**	**1.7**	**1.7**	–	1.7	1.7
Accruals	**–**	**67.3**	**67.3**	–	57.3	57.3
Other payables	**–**	**3.3**	**3.3**	2.4	1.2	3.6
Due to immediate parent	**–**	**339.5**	**339.5**	–	201.9	201.9
Due to related party	**–**	**1.4**	**1.4**	–	1.4	1.4
Social security and other taxes	**–**	**1.0**	**1.0**	–	1.7	1.7
	–	**556.2**	**556.2**	2.4	407.8	410.2

All amounts are held at amortised cost, except for other payables where the estimated fair values are the discounted amounts of the estimated future cash flows expected to be paid and approximate their carrying amounts. Other taxes include the withholding tax on dividends.

The amount due to the immediate parent is an interest free loan repayable on demand.

18 BORROWINGS

		2024			2023		
		Current £m	**Non-current £m**	**Total £m**	Current £m	Non-current £m	Total £m
Bank borrowings	*	**–**	**3,482.0**	**3,482.0**	–	3,347.3	3,347.3
Accrued interest		**22.8**	**–**	**22.8**	30.5	–	30.5
Loan arrangement fees		**–**	**(60.1)**	**(60.1)**	–	(4.0)	(4.0)
Lease liability		**0.9**	**7.2**	**8.1**	0.5	–	0.5
		23.7	**3,429.1**	**3,452.8**	31.0	3,343.3	3,374.3

* Bank borrowings with a maturity date of 1 year or less are presented as non-current as the Group has the ability to exercise an extension for 1 year such that all conditions to extend are within the Group's control and have been met.

All of bank borrowings are at floating rates of interest with an average coupon of 6.58% (2023: 5.22%). Bank borrowings are secured on the Group's investment properties valued with a general security over the assets and liabilities of the legal entities that own and manage the properties.

Bank borrowings are provided under five facilities as set out in the table below. The financial covenants applying to these facilities are debt yield and loan to value (LTV), which are 'soft' covenants rather than events of default and if breached would result in the facilities entering into a cash trap mechanism meaning use of cash to service the borrowing is prioritised over any other usage.

Maturity of bank facilities and borrowings

For the facilities set out below, these contain extension options at the Group's request and control. In determining the non-current nature of such borrowings, such extension options are taken into account owing to the Group having both intention and control of undertaking such extensions.

		2024			2023		
Next maturity date		**Drawn £m**	**Undrawn £m**	**Total facility £m**	Drawn £m	Undrawn £m	Total facility £m
May 2024	a)	**–**	**–**	**–**	2,319.4	39.9	2,359.3
May 2024	b)	**–**	**–**	**–**	540.2	–	540.2
August 2025	c)	**75.0**	**–**	**75.0**	75.0	–	75.0
November 2025	d)	**63.7**	**–**	**63.7**	63.7	–	63.7
November 2026	e)	**2,427.3**	**160.9**	**2,588.2**	–	–	–
February 2027		**355.6**	**17.0**	**372.6**	349.0	23.6	372.6
May 2027	f)	**560.4**	**43.6**	**604.0**	–	–	–
		3,482.0	**221.5**	**3,703.5**	3,347.3	63.5	3,410.8

a) An option to extend facility maturity by one year to May 2025 was exercised during the year. The facility was subsequently terminated and replaced by the new facility as set out in e).

b) Facility was terminated during the year and replaced by the new facility as set out in f).

c) An option to extend facility maturity by one year to August 2025 was exercised during the year. One further such option remains to extend to August 2026.

d) Options to extend facility maturity to November 2025 were exercised during the year. One further option remains to extend to November 2026.

e) New facility was entered into in September 2024 and contains extension options to November 2029, exercisable within the Group's discretion and control and to November 2030 with lender consent.

f) New facility was entered into in February 2024 and contains extension options to May 2029.

19 FINANCIAL RISK MANAGEMENT

The principal financial risks faced by the Group comprise interest rate, liquidity, credit and capital risk.

Financial risk management is managed by a treasury department in accordance with policies and guidelines whereby significant transactions are also approved by the Board of Directors. The risk management policies are designed to minimise potential adverse effects on the Group's financial performance by identifying financial exposures and setting appropriate risk limits and controls. The risk management policies also ensure sufficient liquidity is available to the Group to meet foreseeable financial obligations and that cash assets are invested safely.

Financial instruments are grouped and accounted for as set out below:

		2024 £m	2023 £m
Financial assets held at amortised cost			
Trade and other receivables	a)	**25.5**	54.6
Cash and cash equivalents		**241.3**	94.6
		266.8	149.2
Financial liabilities held at amortised cost			
Trade and other payables	b)	**(355.6)**	(222.4)
Bank borrowings		**(3,482.0)**	(3,347.3)
		(3,837.6)	(3,569.7)
Derivative held at fair value through other comprehensive income			
Derivative financial instruments – assets		**7.3**	66.5
Derivative financial instruments – liabilities		**(4.9)**	–
		2.4	66.5

a) Excludes lease incentive, accrued income, and prepayments.

b) Excludes deferred revenue, accruals and social security and other taxes.

19.1 Interest rate risk

The Group is funded using long-term floating rate GBP bank borrowings that expose the Group to potential variability in interest rates. The Group's risk management strategy is to protect against adverse fluctuations in interest rates by utilising interest rate caps and swaps to reduce exposure to variability in cash flows on forecasted floating rate bank borrowings to the extent that it is practicable and cost effective to do so.

Interest rate cap contracts
For such contracts, the Group agrees to receive floating rate interest amounts calculated on agreed notional principal amounts, should prevailing market rates rise above a specified strike rate.

The fair value of interest rate caps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract.

Interest rate swap contracts
Under such contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. The fair value of interest rate swaps is determined by discounting the future cash flows using the yield curves and the credit risk inherent in the contract.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

Asset and liability position of cash flow hedging instruments held within derivative financial instruments

2024	Current assets	Accrued interest	Non-current assets	Current liabilities	Non-current liabilities	Total
	£m	£m	£m	£m	£m	£m
Interest rate caps	**5.1**	**1.7**	**0.1**	**–**	**–**	**6.9**
Interest rate swaps	**2.0**	**0.7**	**0.1**	**–**	**(4.9)**	**(2.1)**
Total	**7.1**	**2.4**	**0.2**	**–**	**(4.9)**	**4.8**

2023	Current assets	Accrued interest	Non-current assets	Current liabilities	Non-current liabilities	Total
	£m	£m	£m	£m	£m	£m
Interest rate caps	64.6	13.4	0.3	–	–	78.3
Interest rate swaps	1.6	0.2	–	–	–	1.8
Total	66.2	13.6	0.3	–	–	80.1

Accrued interest is included within other financial assets as set out in note 15.

Effects of cash flow hedging instruments on the balance sheet

2024	Fair value	Notional principal	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Change in fair value used for measuring ineffectiveness
	£m	£m	£m	£m	£m	£m
Interest rate caps	**6.9**	**473.4**	**473.4**	**–**	**–**	**(71.7)**
Interest rate swaps	**(2.1)**	**560.4**	**–**	**–**	**560.4**	**(10.8)**
Total	**4.8**	**1,033.8**	**473.4**	**–**	**560.4**	**(82.5)**

2023	Fair value	Notional principal	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Change in fair value used for measuring ineffectiveness
	£m	£m	£m	£m	£m	£m
Interest rate caps	78.3	3,373.0	3,309.3	63.7	–	(19.6)
Interest rate swaps	1.8	56.3	56.3	–	–	1.3
Total	80.1	3,429.3	3,365.6	63.7	–	(18.3)

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

The interest rate caps have an average strike rate of 2.1% (2023: 2.1%). The interest rate swaps have an average strike rate of 3.8% (2023: 2.0%).

Hedge ineffectiveness arises due to differences in the hypothetical hedge compared to the actual hedge entered into. Ineffectiveness of £0.1m (2023: £0.1m) is recognised within finance costs in the income statement.

Sensitivity analysis
A 1% movement in interest rates is considered a reasonable measure of volatility (2023: 1%).

Impact of change in interest rate (all other variables held constant)

				2024				2023
	Impact on income statement		**Impact on Cash flow hedging reserve**		Impact on income statement		Impact on Cash flow hedging reserve	
	+ 1%	**- 1%**	**+ 1%**	**- 1%**	+ 1%	- 1%	+ 1%	- 1%
Positive/(negative) impact	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Interest rate caps	**–**	**–**	**1.8**	**(1.8)**	–	–	18.0	(18.2)
Interest rate swaps	**–**	**–**	**13.3**	**(13.7)**	–	–	0.6	(0.6)
Total	**–**	**–**	**15.1**	**(15.5)**	–	–	18.6	(18.8)

The income statement is not sensitive to changes in interest rate due to effective hedging, arising from an interest rate cap purchased on 14 October, but in effect from 2 September 2024, on the Group's new £2.6bn floating-rate facility.

19.2 Liquidity risk

Liquidity risk is the risk that the Group has insufficient funds to settle or meet its obligations as they fall due. Managing liquidity risk involves maintaining sufficient cash and ensuring availability of funding through an adequate amount of committed credit facilities. Management regularly monitors the Group's net liquidity position through rolling forecasts based on expected cash flows. Analysis of the Group's bank borrowings and facilities is set out in note 18.

Remaining contractual undiscounted cash flows of financial liabilities:

						2024
	Less than 1 month	**From 1 month to 1 year**	**From 1 to 2 years**	**From 2 to 5 years**	**More than 5 years**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Bank borrowings	**–**	**269.6**	**207.8**	**3,377.9**	**–**	**3,855.3**
Lease liability	**0.1**	**1.0**	**1.2**	**2.7**	**4.5**	**9.5**
Related party payables	**340.9**	**–**	**–**	**–**	**–**	**340.9**
Trade and other payables						
Tenant deposits	**1.7**	**–**	**–**	**–**	**–**	**1.7**
Trade payables	**9.7**	**–**	**–**	**–**	**–**	**9.7**
Other payables	**0.9**	**2.5**	**–**	**–**	**–**	**3.4**
Accruals	**67.3**	**–**	**–**	**–**	**–**	**67.3**
Total	**420.6**	**273.1**	**209.0**	**3,380.6**	**4.5**	**4,287.8**

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

2023

	Less than 1 month	From 1 month to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
	£m	£m	£m	£m	£m	£m
Bank borrowings	–	3,100.8	11.4	364.7	–	3,476.9
Lease liability	–	0.5	–	–	–	0.5
Related party payables	203.3	–	–	–	–	203.3
Trade and other payables						
Tenant deposits	1.7	–	–	–	–	1.7
Trade payables	13.8	–	–	–	–	13.8
Other payables	–	1.2	2.4	–	–	3.6
Accruals	57.3	–	–	–	–	57.3
Total	276.1	3,102.5	13.8	364.7	–	3,757.1

The above maturity analysis reflects actual maturity dates. These differ from the balance sheet classification due to the Group's ability to exercise extension options as described in note 18.

19.3 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss to the Group by failing to discharge an obligation and arises from rent and other receivables, cash and cash equivalents held at banks and derivative financial instruments.

The Group assesses on a forward-looking basis its expected credit losses (ECL) associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Rents receivable

The Group's greatest exposure to credit risk arises from trade (tenant) receivables from students and universities which all have due dates within 12 months. The Group's exposure to credit risk is influenced by the characteristic of each student and University lease. There is no significant concentration of credit risk owing to the large number of individual leases. The Group determines and monitors regularly the level of risk associated with trade receivables and applies the IFRS 9 simplified approach to measuring expected credit losses as set out in note 3.14. Analysis of the provision is set out in note 15.

Other balances

The credit risk associated with restricted monetary assets, cash and cash equivalents, derivative financial instruments is considered low, with an assessment of each category set out as follows:

Cash and cash equivalents, restricted monetary assets and derivative financial instruments

Such balances are held with counterparties which are banks with high credit ratings assigned by international credit rating agencies.

Other receivables

Other receivables are grouped based on type and financial standing of the debtor using the same methodologies and considerations as for trade receivables. Dependent on the nature of the receivable the credit risk ranges from low to moderate. However, the resulting provisions are not significant.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

19.4 Assets and liabilities held at fair value

When measuring the fair value of a financial or non-financial asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels based on the degree to which fair value is observable as follows:

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

Fair value hierarchy of assets and liabilities

				2024
	Level 1	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Assets				
Investment property	**–**	**–**	**5,747.3**	**5,747.3**
Investment property under development	**–**	**–**	**254.1**	**254.1**
Derivative financial assets	**–**	**9.7**	**–**	**9.7**
	–	**9.7**	**6,001.4**	**6,011.1**
Liabilities				
Other payables	**–**	**–**	**(3.3)**	**(3.3)**
Derivative financial liabilities	**–**	**(4.9)**	**–**	**(4.9)**
	–	**(4.9)**	**(3.3)**	**(8.2)**

				2023
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Assets				
Investment property	–	–	5,530.6	5,530.6
Investment property under development	–	–	102.9	102.9
Derivative financial assets	–	80.1	–	80.1
	–	80.1	5,633.5	5,713.6
Liabilities				
Other payables	–	–	(3.6)	(3.6)

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

19.5 Capital risk

The capital structure of the Group comprises equity, debt and cash and cash equivalents.

The Group's objectives, when managing capital, are to provide returns for the principal shareholders and benefits to other stakeholders, to safeguard the Group's ability to continue as a going concern. The Group's financing policy is to optimise the capital structure to reduce the cost of capital.

The Board monitors a broad range of financial metrics including monitoring of available free cash. Regular reports on compliance with debt facilities and utilisation thereof are presented to the Directors for consideration and approval.

20 SHARE CAPITAL

		2024		2023
	Number	**£'000**	Number	£'000
Authorised, allotted and fully paid ordinary shares of £0.01	**2,045,700**	**20**	2,000,000	20

During the year 45,700 shares were issued to the Group's immediate parent in exchange for extinguishing £60.4m of the interest free loan with the immediate parent.

21 CASH FLOW HEDGING RESERVE

		2024	2023
	Note	**£m**	£m
At 1 October		**17.0**	35.7
Change in fair value recorded in OCI		**(8.4)**	(3.8)
Transferred to income statement	9	**(21.1)**	(24.4)
Deferred tax		**1.7**	9.5
At 30 September		**(10.8)**	17.0
Comprising:			
Continuing hedge relationships		**(6.0)**	17.0
Discontinued hedge relationships		**(4.8)**	–
		(10.8)	17.0

22 SHARE-BASED PAYMENTS

	2024	2023
	£m	£m
Amount recognised as an expense	**0.4**	–

The Group operates a Long-Term Incentive Plan (LTIP) for certain employees in accordance with a performance-based formula linked to returns to shareholders when an exit event takes place. The LTIP comprises two sections determined by the date that the ultimate shareholders acquired the Group in May 2020 (the Main pool) and the date of the Group's most major acquisition since that date in December 2021 (the Gemini Pool).

Exercise price is derived from equity contributions to date from the shareholders plus the IRR threshold set out below. The 2023 charge was £nil owing to forfeitures offsetting the charge.

Fair value

	2024	2023
	£m	£m
Main pool	**12.9**	12.9
Gemini pool	**2.9**	2.9

The fair value of each pool is calculated based on the internal rate of return (IRR) that the Group's shareholders obtain from the date they acquired the Group to their estimated exit date.

Vesting criteria

Both pools have a vesting criterion which is dependent on an IRR threshold being met in order to trigger a payment. In addition, the Main pool has two further criteria comprising requirement that the value of the business compared to the investment made by the ultimate shareholders is above a defined multiple both in GBP and EUR. An estimate of the current value of the business has been calculated as the sum of year end net asset value plus an estimate of the increase in the value of the investment property portfolio and market premiums since September 2020 and September 2022.

If all criteria applicable to each section of the scheme are met, participants share a percentage of the amount in excess of the IRR threshold. Entitlement to 25% of the award accrues to employees each year on the later of each anniversary of inception of each section of the scheme or the employee's start date, up to a maximum of 75%. The additional 25% accrues on vesting, being an exit event. Awards are forfeited on an employee leaving the company, subject to being a good leaver.

The value of the LTIP reserve is driven by certain judgements and assumptions, the most significant of which are the volatility rate, the risk free rate and the exit date, but none have changed since the pools were created nor is value of the charge sensitive to them. At 30 September 2024 the cumulative charge through retained earnings in equity is £7.5m (2023: £7.1m).

23 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of operating profit to net cash generated from operations

	2024 £m	2023 £m
Cash flows from operating activities		
Operating profit	**417.6**	306.2
Depreciation	**1.8**	1.2
Amortisation	**2.9**	2.7
Net valuation gains on investment properties	**(187.3)**	(112.2)
Share-based payments	**0.4**	–
Operating cash flows before changes in working capital	**235.4**	197.9
Decrease/(increase) in trade and other receivables	**12.4**	(8.6)
(Decrease)/increase in trade and other payables	**(10.2)**	13.1
Cash generated in operations	**237.6**	202.4

Analysis of movements in net debt

	At 1 October 2023 £m	Cash flow £m	Non-cash movement £m	At 30 September 2024 £m
Cash and cash equivalents	**94.6**	**146.7**	**–**	**241.3**
Short term borrowings	**(30.5)**	**259.5**	**(251.8)**	**(22.8)**
Long term borrowings	**(3,343.3)**	**(83.8)**	**5.2**	**(3,421.9)**
Short term lease liability	**(0.5)**	**–**	**(0.4)**	**(0.9)**
Long term lease liability	**–**	**0.9**	**(8.1)**	**(7.2)**
Related party payables	**(203.3)**	**(198.1)**	**60.5**	**(340.9)**
Net debt	**(3,483.0)**	**125.2**	**(194.6)**	**(3,552.4)**

	At 1 October 2022 £m	Cash flow £m	Non-cash movement £m	At 30 September 2023 £m
Cash and cash equivalents	143.2	(48.6)	–	94.6
Short term borrowings	(16.7)	190.4	(204.2)	(30.5)
Long term borrowings	(3,320.7)	(19.6)	(3.0)	(3,343.3)
Short term lease liability	(0.7)	0.5	(0.3)	(0.5)
Long term lease liability	(0.3)	–	0.3	–
Related party payables	(6.8)	(195.1)	(1.4)	(203.3)
Net debt	(3,202.0)	(72.4)	(208.6)	(3,483.0)

Of the £21.5m cash inflow (2023: £23.8m inflow), £281.0m (2023: £214.2m) is recorded in cash generated in financing activities and £259.5m outflow (2023: £190.4m outflow) is interest recorded in cash generated in operating activities. Non-cash movements in short and long term borrowings relate mainly to interest accrued under the effective interest rate method.

24 OPERATING LEASES AS A LESSOR

Future aggregate minimum rentals receivable under non-cancellable operating leases based on contracted rental income at year end:

	2024 **£m**	2023 £m
Less than 1 year	**335.0**	288.0
Between 1 and 2 years	**44.4**	29.4
Between 2 and 5 years	**66.7**	60.7
More than 5 years	**46.4**	42.1
Total	**492.5**	420.2

The Group leases out its investment properties under operating leases with a weighted average lease length of 1.9 years (2023: 4.5 years).

25 RELATED-PARTY TRANSACTIONS

Transactions between the Group's subsidiary undertakings, which are related parties, have been eliminated on consolidation and are accordingly not disclosed. Other related parties include The Blackstone Group Inc. and entities controlled by it that are in addition companies within the IQSA Holdco Group itself. These entities also include the sister group of companies headed by IQSA 2 Holdco Limited which the Group provides services to under a management agreement and accordingly certain management costs are recharged to that company generating other income for the Group. Transactions with these other related parties are as follows:

	2024 **£m**	2023 £m
Income statement		
Corporate and administrative services	**(1.5)**	(1.7)
Other operating income (included in administrative expenses)	**2.5**	–
Total	**1.0**	(1.7)
Balance sheet		
Due from related party receivables	**1.5**	–
Loan from immediate parent	**(339.5)**	(201.9)
Due to related party	**(1.4)**	(1.4)
Total	**(339.4)**	(203.3)

Transactions with key management personnel

Key management personnel comprises the Executive Committee and their compensation is set as follows:

	2024 **£m**	2023 £m
Salaries and short-term benefits	**3.1**	3.8
Post employment benefits	**–**	–
Share-based payments	**0.4**	–
	3.5	3.8

26 DIVIDENDS

	2024	2023
	£m	£m
Dividend	**3.2**	–

The dividend of £1.58 per share was approved by the Board on 20 September 2024 and was paid as a property income distribution (PID).

27 COMMITMENTS

	2024	2023
	£m	£m
Capital commitments	**233.8**	336.0

The most significant components relate to the following properties under development:

			2024	2023
	Location	Expected completion	**£m**	£m
Longwood Place	Warwick	July 2026	**100.8**	131.9
Echo Street	Manchester	July 2026	**97.7**	130.5
Cullen House	Glasgow	June 2025	**19.0**	46.8

28 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is BRE 11 UK Investments LP.

The Company's ultimate parent and controlling party are funds advised by Blackstone Group Inc., a company incorporated in the United States. The Company is the parent of the largest and smallest group which includes the Company and for which consolidated financial statements are prepared.

29 SUBSIDIARIES

Subsidiaries and wholly owned entities

All subsidiaries have been consolidated and holdings are all in ordinary shares with 100% ownership. Except where marked *, all holdings are indirect.

Guernsey

Registered office: Royal Chambers, St. Julian’s Avenue, St. Peter Port, Guernsey, GY1 4HP

Gemini Greenwich JV Limited	Gemini Greenwich 2 Limited
Gemini Greenwich Limited	

Jersey

Registered office: 22 Grenville Street, St Helier, JE4 8PX, Jersey

Athena Asset 6 Limited	IQSA Coventry Limited
Athena Asset 7 Limited	IQSA LB (Jersey) Limited
Capella Jersey Midco Limited *	IQSA LPS Nottingham Limited
Capella (Jersey) Holdco Limited	IQSA Manors (North) Limited
IQSA Bainbridge Limited	IQSA TB (Jersey) Limited
IQSA Chandos Limited	Westbourne Portfolio Limited

Registered office: 47 Esplanade, St Helier, JE1 0BD, Jersey

iQ Shoreditch Unit Trust	iQ Unit Trust

Luxembourg

Registered office: 18, rue Michel Rodange, L-2430 Luxembourg

Athena Asset 4 S.à r.l.	IQSA Holdings S.à r.l.
Athena Asset 5 S.à r.l.	IQSA Hume House S.à r.l.
GSG Athena 2 Holdco S.à r.l.	IQSA Manors S.à r.l.
GSG Athena 2 S.à r.l.	IQSA Newlands S.à r.l.
GSG Hermes S.à r.l.	IQSA Paris Garden S.à r.l.
Hermes Asset Group S.à r.l.	IQSA Redeness 2 S.a r.l.
Hermes Asset Weston S.à r.l.	IQSA Redness York S.à r.l.
iQ Properties S.à r.l.	IQSA St. George's S.à r.l.
IQSA Acquisition 1 S.à r.l.	IQSA Stephenson House S.à r.l.
IQSA Acquisition 2 S.à r.l.	IQSA Student HoldCo S.à r.l.
IQSA Arcade Holloway Road S.à r.l.	Lugus Holding S.à r.l.
IQSA Arcade LL S.à r.l.	Titanium Athena S.à r.l.
IQSA Century Square S.à r.l.	Titanium Bloomsbury S.à r.l.
IQSA Commercial Road S.à r.l.	Titanium Minority Unitholder S.à r.l.
IQSA Development Finance 1 S.a r.l.	Westbourne Holdings S.à r.l.
IQSA Development Finance 2 S.a r.l.	WH Student Accommodation S.à r.l.
IQSA Elliot Edinburgh S.à r.l.	GSGA II Real Estate S.à r.l.
IQSA Ewer Hammersmith S.à r.l.	

29 SUBSIDIARIES (CONTINUED)

United Kingdom

Registered office: Third Floor, 2 More London Riverside, London, SE1 2DB

Arcade Holloway Limited	IQSA (Brighton) Limited
Cain Management Limited	IQSA (Glasgow) Limited
Capella UK Bidco 1 Limited	IQSA (GP1) Limited
Capella UK Bidco 2 Limited	IQSA (GP2) Limited
Capella UK Bidco 3 Limited	IQSA (Hermes) Limited
Capella UK Holdco Limited	IQSA (Huddersfield) Limited
Capella UK Holdco 2 Limited	IQSA (Oxford) Limited
Capella UK Holdco 4 Limited	IQSA (Wembley court) LP
Capella UK Mezzco 1 Limited	IQSA (Westbourne) Limited
Capella UK Mezzco 2 Limited	IQSA Blythswood Limited
Capella UK Mezzco 3 Limited	IQSA General Operating Company Limited
Capella UK Mezzco 4 Limited	IQSA Group Limited
Capella UK Midco 1 Limited	IQSA Minster Limited
Capella UK Midco 2 Limited	IQSA Newcastle Propco Limited
Capella UK Midco 3 Limited	IQSA Nottingham Holding Company Limited
Capella UK Midco 4 Limited	IQSA Services Limited
Capella UK Pledgeco 1 Limited	IQSA Star Limited
Capella UK Pledgeco 2 Limited	IQSA St. George's Limited
Capella UK Pledgeco 3 Limited	IQSA Stephenson House Limited
Capella UK Pledgeco 4 Limited	IQSA UK City Aldgate Limited
Capella UK Topco Limited	IQSA Weaver Place Limited
Capella UK Topco 4 Limited	Lewes Brighton Limited
Central Business and Technology Park Management Company Limited	LTS Paris Gardens (General Partner) Limited
Corsham Street Student 1 Limited	LTS Paris Gardens Limited Partnership
Elliot Edinburgh Limited	LTS Paris Gardens (Nominee) Limited
iQ (General Partner 2) Limited	MP Newlands Limited
iQ (General Partner) Limited	MP Newtown Limited
iQ (Shareholder GP) Limited	Opal Villas Limited
iQ Letting (General Partner 2) Limited	Pure Bankside Limited
iQ Letting (General Partner) Limited	Pure City Opco Limited
iQ Letting Property Partnership	Pure Hammersmith Limited
iQ Property Partnership	Pure Highbury Limited
iQ Shoreditch (General Partner) Limited	Redness York Limited
iQ Shoreditch (General Partner 2) Limited	Twerton Bath Limited
iQ Shoreditch Letting (General Partner 2) Limited	UKSA 60 CR Limited
iQ Shoreditch Letting (General Partner) Limited	IQSA (Wembley Court) GP1 Limited
iQ Shoreditch Letting Property Limited Partnership	IQSA Development Finance 3 Limited
IQ Shoreditch Property Limited Partnership	IQSA Trafalgar Limited
IQ Two (General Partner) Limited	Gemini East Court Limited
IQ Two (General Partner 2) Limited	Gemini WL Limited
IQ Two Letting (General Partner 2) Limited	Gemini RHUL 2 Limited
IQ Two Letting (General Partner) Limited	Gemini Makerfield Limited
IQ Two Letting Property Limited Partnership	Gemini RHUL Limited
iQ Two Property Limited Partnership	IQSA Clyde Limited
IQSA (Athena) Limited	IQSA TTS Nottingham Limited
IQSA (Bloomsbury) LP	IQSA Nelson Limited
IQSA (Bloomsbury) Nominee Limited	

GLOSSARY

ACM	Aluminium Composite Material
Adjusted EBITDA	EBITDA excluding adjusting items such as share-based payment charge and exceptional finance charges
APM	Alternative Performance Measure
BIP	Building Improvement Programme
CGU	Cash Generating Unit
DCF	Discounted Cash Flow
EBITDA	Earnings (profit) before interest tax, depreciation and amortisation
EPRA metrics	Calculation methods for operating metrics as set out by the European Public Real Estate Association (EPRA) in their Best Practice and Policy Recommendations
FRAEW	Fire Risk Appraisals of External Walls
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit or Loss
GDV	Gross Development Value
HPL	High Pressure Laminate
IRR	Internal Rate of Return
LTV	Loan to Value being debt as a proportion of the value of rental properties, excluding balances in respect of properties leased under IFRS 16
MNLC	Material not of limited combustibility
NIY	Net Initial Yield, being cash rents receivable (net of head rents and cost of vacancy) taken as a percentage of gross property value, as provided by the Group's external valuers.
NOI	Net operating income, being the Group's rental income less property operating expenses
Nomination agreement	Agreements where universities enter into a contract with iQ to reserve rooms for students, usually guaranteeing occupancy.
NRI	Net Rental Income
NTA	Net Tangible Assets
OCI	Other comprehensive income
PBSA	Purpose Built Student Accommodation
PID	Property income distribution, being a dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business and which is taxable for UK-resident shareholders at their marginal tax rate
PRS	Private Rented Sector
REIT	Real Estate Investment Trust, being a tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain requirements.
SONIA	Sterling Overnight Index Average