Registered number 12899215

SCAPE LIVING PLC

Annual report and consolidated financial statements for the year ended 30 September 2024

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SCAPE LIVING PLC

COMPANY INFORMATION

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Charlotte Robinson (appointed 23 May 2024)
Ravi Nevile
Adam Brockley (Alternate Director)
John Webber (Alternate Director) (appointed 29 May 2024)
Leonardus Hertog (resigned 23 May 2024)

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SCAPE LIVING PLC

STRATEGIC REPORT

The Directors present their strategic report for Scape Living Plc and its subsidiaries (together the "Group") for the year ended 30 September 2024.

Principal activity

Scape Living Plc ("the Company") is a Real Estate Investment Trust ("REIT") listed on The International Stock Exchange (St Peter Port, Guernsey). The shares are not openly traded. The principal activity of the Group is that of the rental of purpose-built student accommodation, residential and commercial buildings located in the UK. The principal activity of the Company is that of a Holding Company.

Business review

As at 30 September 2024, the Group owned ten properties, with the Circus Street Office building being held for sale as at 30 September 2024.

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

The assets have continued to perform strongly, with 97% occupancy achieved for the operational residential buildings in the academic year ended September 2024 (2023 – 91%). The business ensures it controls its operating costs, whilst still providing a great service to tenants. This has enabled the business's operating margin to increase to 60% (2023 – 55%).

The Hammersmith asset is in development under a forward-funding agreement to build a purpose-built, 713-bed student accommodation building. The build is on track to complete ahead of schedule in the early spring of 2025. Of the 713 beds, 357 have already been reserved under a nominations agreement with a Russell Group university. The maximum commitment under the contract is £173m. As at 30 September 2024, the spend to date is £134.1m.

Business review (continued)

As at 30 September 2024, planning permission has been approved for the construction of a 325 bed student accommodation building at Kingsway. Subsequent to the year end, permission was granted for a further 46 beds. Construction is due to complete in advance of September 2028 and the subsequent academic year.

The Group has secured two new loans in the year, with a combined facility size of £140m, secured on the Hammersmith and Kingsway assets. Further information on the loans can be found in note 22.

Significant work has also been undertaken at the Wembley, Shoreditch and Mile End assets to ensure the buildings meet and exceed fire safety standards, with the works due to complete by May 2025.

During the prior year, the decision was made to sell the Circus St asset. The asset comprises a student accommodation building, fully let to an academic institution, and an office building fully let to four tenants. During the current year, the Group has progressed the sale of the office building and the legal proceedings are on-going. The Group has decided to retain the student building.

Principal risks and uncertainties

Market risk

The Board consider the main market risk to be occupancy of the buildings as a result of market-wide affordability.

Whilst recent years have seen above average increases in rents, the market does not expect future growth at this same level. There remains a market expectation that annual rent increases will exceed cost inflation indices. The market risk in relation to occupancy is deemed to have increased from the prior year. With a shortage of supply of purpose-built student accommodation continuing, occupancy risk is still considered low.

Inflation has fallen over the year and is expected to stabilise between 2-3% throughout the remainder of 2024 and 2025. As a result, the risk of inflationary increases to the Group's operating costs is deemed to have decreased from the prior year and is no longer deemed to be a key risk.

Liquidity risk

As at 30 September 2024, the Group has loan facilities totalling £654.3m of which £624.7m has been drawn.

Included within this total are two new facilities which were procured in the year, secured on the assets at Hammersmith and Kingsway. The total combined facility is for £140m, of which £35m is due for repayment on 28 September 2025 and £105m due for repayment or conversion to an investment facility on 26 January 2026. These facilities will allow the Group to meet its remaining £38.9m commitment on the Hammersmith forward-funding agreement and partially repay the £160m (2023 - £200m) shareholder loan. As at 30 September 2024, the shareholder loan was repayable on 7 June 2025. Subsequent to the year end, the loan has been extended to 30 April 2026 and a further £35.6m was repaid. The Directors also intend to partly repay the shareholder loan using funds obtained from the proceeds from the sale of the Circus Street office asset. The Group intends to convert the remaining loan balance into share capital.

In addition to the two new loans secured in the year, the Group also has two further bank loans. A £200m facility repayable in April 2029 and a £157m loan facility, of which £154.3m remains outstanding as at 30 September 2024. The latter loan is secured on the assets at Mile End, Guildford 2 and Wembley, and is due for repayment in March 2025. The loan facility stipulates the Group can extend the facility for a further 2 years provided there is no on-going covenant breach. Subsequent to the year end, this loan has been extended until March 2026 with a margin of 1.85%.

Principal risks and uncertainties (continued)

The assets generate sufficient cash to meet the external loan interest and running costs of the operational assets. The Board monitors the cash flows generated by the Group to ensure that sufficient funds are available to service the Group's liabilities as and when they fall due. The Group's assets are performing well with high occupancy levels across the properties and strong net operating income.

The liquidity risk is deemed to have increased from the prior year.

Interest Rate Risk

Interest rates are reducing and forward curves show further reductions over the near to medium term such that interest rates in the wider market have decreased.

The Group makes use of senior debt finance secured against investment properties. As at 30 September 2024, the loans were subject to a fixed rate of interest or at least 80% covered by interest rate swaps to provide certainty over interest costs. During the year, the two new loans secured are on floating rates with interest rate swaps in place for the full length of the loan to lower the Group's exposure to interest rate movements. The swaps cover 80%-100% of the loan notional amount and hence there will remain some risk around interest rates rising.

Subsequent to the year end, the £154.3m loan from Aareal has been extended until March 2026 with a margin of 1.85%. The £35m loan secured at Kingsway matures within one year and will be refinanced, exposing the Group to some short-term interest rate risk.

With 20% of the Hammersmith loan unhedged and the Kingsway loan requiring refinancing within the year, the Group's exposure to interest rates is deemed to have increased from the prior year.

Credit Risk

Tenant credit risk is substantially diversified by the number of individual tenancies in place. Residential leases to individuals make up 74% of the Group's revenue. As such, the tenant credit risk is deemed to be managed by the substantially diversified number of individual tenancies in place. To mitigate the risk of tenants defaulting on their obligations, deposits are required to secure a booking and rent instalments are paid in advance of the start of each academic year. Tenant credit risk is less diversified for the commercial tenants and nomination agreements which form the remaining 26% of the Group's revenue. However, the tenant risk is managed by reviewing commercial tenant quality at the point an asset is purchased, before a new lease is signed and annually thereafter.

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

Credit risk is deemed to have remained the same as the prior year.

Other risks

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

The Board continues to monitor compliance with REIT regulations to ensure the Group maintains the right to continue to operate as a REIT for UK tax purposes.

STRATEGIC REPORT (CONTINUED)

Other risks (continued)

In particular, the group monitors its property income distribution ("PID") requirements to ensure it distributes 90% of its rental profits. On 10 September 2024, the Group declared a PID of £11m which was paid via cash and scrip on 17 September 2024. The Company declared PIDs totalling £23m in the year to 30 September 2024. They were paid via scrip of £19m and cash of £5m. Although the Board has ultimate responsibility for ensuring adherence, it has appointed PricewaterhouseCoopers LLP as tax advisor to aid with compliance and offer subject matter expertise. There is no deemed change to this risk level.

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

The Group does not have any foreign exchange exposures.

Financial key performance indicators

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

Financial key performance indicator	2024 Result £'000	2023 Result £'000
Revenue	£62,558	£49,683
Gross profit	£45,858	£35,792
Profit/(loss) before tax	£69,695	£(38,220)
Investment property valuation (note 14)	£1,318,805	£1,139,142
Fair value gain/(loss) on investment property (note 14)	£49,598	£(48,862)
Net assets	£680,682	£595,423
Cash balance	£62,135	£31,230

Non-financial performance indicator	2024 Result	2023 Result
Occupancy rate	97%	91%
Average number of beds	2,618	2,618
GRESB score	92	85

Revenue and Gross profit have increased 26% and 28% respectively. This is due to increased occupancy and an increase in rents charged per room.

The result before tax has risen from a £38.2m loss in the prior year to a £69.7m profit in the current year as a result of a strong operating asset financial performance and a rise in property valuations. The rise in value of the properties is due to rent increases.

Net assets have increased 14%, equating to £85.3m due to profit for the year of £69.6m and shares issued of £33.4m, as reduced by scrip dividends paid of £23m. The remaining increase is due to an increase of £5.3m in the non-controlling interest.

Cash has increased 99% primarily due to new bank loans secured on the Kingsway and Hammersmith properties raising £104.6m, an equity raise of £15m and net rental receipts of £31.4m. These have been offset by the part repayment of loans totalling £41.6m, net interest paid of £15.4m, capital expenditure of £57.1m and dividends paid in the year.

Environmental, Social and Corporate Governance

At Scape, sustainability is the foundation of how we create spaces that enrich students' lives, shaping every aspect of the property lifecycle and, in turn, honing and influencing our decision-making. When it comes to ESG topics, we strive for excellence by fostering a culture of shared responsibility and high performance.

This approach not only helps us on the road to becoming one of the UK's most ESG-driven student accommodation providers, but also reduces investment risks to safeguard our long-term value. Building upon our existing policies, processes and initiatives, 2023 marked a significant milestone in our journey as we implemented the foundations of our first ESG Strategy. Intertwined with Scape's business strategy, it articulates our ESG ambitions and provides a formal framework that unifies our approach, solidifies our targets, and embeds them in every aspect of our business operations.

Intrinsically linked to our values of People, Progress and Potential, our approach to Environmental, Social and Governance (ESG) is underpinned by the need to reduce our impact now to safeguard future generations, foster social value and a sense of belonging for all, and drive transparent action as a responsible business. We also pride ourselves as an organisation who puts our residents and employees at the heart of everything we do and as such we strive to continually improve our ESG performance as a business.

Environment

As part of the Group's commitment to provide sustainable living spaces the Board has sought to demonstrate best practice by aligning performance against nationally and internationally recognised industry standards. In this way, the Board can authentically demonstrate the Group's aim to operate efficient buildings to reduce any environmental impact and provide assurance to all stakeholders.

This is enshrined in our "Sustainable Spaces" pillar, the 'E' in our ESG Strategy, which aims to reduce our environmental impact now to protect future generations.

The Board seek to demonstrate improvement in performance in several ways. One way is through the Global Real Estate Sustainability Benchmark or GRESB standard.

In 2024, The Group submitted its third annual GRESB submission, a voluntary disclosure which is independently verified. GRESB is a means to compare our ESG performance against similar domestic, European and International organisations. GRESB reporting and associated engagement tools aid over 150 institutional and financial investors and as well as 3,000 fund, companies, and asset operators.

The Group scored 92 points out of a possible 100, an improvement of 7 points compared to the previous year. This improved performance saw the Group place first in the UK and Northern Ireland for Residential Student Housing group and 3rd out of 164 organisations within the residential category across Europe. This is the most successful year The Group has seen in terms of GRESB performance. This improvement in performance has moved Scape Living Plc from a 4 star business to a five star business, the highest rating achievable under GRESB.

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

Five of The Group's locations are in the process of renewing their certification to the standard, citing an Excellent score, the second highest possible, for each of these sites. The final confirmation of these scores is expected in Q1 2025.

Aligning to these independent standards allows the Group to effectively manage its impacts responsibly and is how the Board embed resilience into the business in the context of significant environmental risks, rising stakeholder expectations and increasingly stringent legislation.

Environment (continued)

Alongside our policies on energy, utilities procurement and consumption, greenhouse gases and waste, in 2024, The Group has been setting standards across a range of topics along with long-term targets. In addition to procuring 100% renewable electricity, we are assessing how we can increase the use of onsite renewables. We are also working with energy and innovative solutions partners to reduce energy consumption and greenhouse gas emissions for residents.

We have installed smart direct heating controls within our buildings, delivered building management system upgrades to monitor energy intensive plant, delivered educational campaigns to reduce water usage and invested in water efficient equipment. We continue to divert all waste from landfill, and we are refining our waste management processes. This intention is further bolstered by the publication of our Carbon Roadmap.

Streamlined Energy and Carbon Reporting

Introduction

Scape Living PLC (the Group) recognises its activities impact the environment, on both a local and global scale, and is therefore committed to collecting data and monitoring the environmental performance of its assets. This information is used to develop strategies which support the Group to minimise its environmental impact where possible.

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force on 1 April 2019, imposing the Government's policy to mandate Streamlined Energy and Carbon Reporting (SECR). This requires the disclosure of Companies environmental performance and greenhouse gas (Greenhouse gases) emissions, as well as details on the associated strategies developed to minimise these emissions. In compliance with this legislation, the Group has prepared the following disclosure. This submission is the Group's first, as it is the first financial year this legislation has been applicable.

Methodology

The Group's absolute Greenhouse gases emissions have been prepared using the UK Government's Environmental Reporting Guidelines[1] and the Greenhouse Gas Protocol Corporate Standard (revised edition)[2] as a basis. Consumption data has been collated and converted into CO2 equivalent ("CO2e") using the UK Government 2023, and 2024 Conversion Factors for Company Reporting[3] to calculate emissions from corresponding activity data, applied to 2022-2023 and 2023-2024.

To collect consumption data, the Group has reviewed utility invoicing for energy (electricity, district heating, and natural gas). All the Group's Greenhouse gases emissions are attributable to the United Kingdom, as 100% of the Group's activities occur within the United Kingdom. Data disclosed relates to our financial reporting period, which is 1st October 2023 to 30th September 2024 (2023/24), as well as the previous academic year.

We have calculated energy intensity and emissions intensity using the number of beds we provide to our residents within our residential accommodation as the denominator. This is a key measure for our business as an owner and operator of residential buildings for students and young professionals. In addition, we also calculate our energy intensity per squared metre of floor area, as this is a more widely recognised metric for real estate organisations.

Sustainability is a key priority for the Group, which is demonstrated through the publication of the environmental social governance strategy and separate standalone environmental social governance report. This specifies the Group's objectives, targets, and key performance indicators relating to sustainability. Furthermore, the Group has made a net zero carbon commitment and has developed an associated roadmap in order to achieve this.

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[1] https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance

[2] https://ghgprotocol.org/corporate-standard

[3] https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting

STRATEGIC REPORT (CONTINUED)

Streamlined Energy and Carbon Reporting (continued)

Reporting boundaries, limitations, and exclusions

The scope of reporting is aligned with our operational reporting boundary for the Group; considering all directly managed operational assets, including corporate head offices, as well as including properties which are tenant controlled.

The Greenhouse gases sources that constitute our operational boundary for the reporting period are:

- Scope 1: Natural gas combustion within boilers, gas oil combustion within generators, and fuel combustion within company-owned vehicles.
- Scope 2: Purchased electricity consumption for own use, and district heating at one of our sites.
- Scope 3: Fuel combustion in employee-owned or rented vehicles for business, and emissions from energy consumption (as described in Scope 1 and 2) at tenant-controlled buildings.

While not falling under the Group's direct control, building energy consumption and Greenhouse gases emissions data (Scope 3) was obtained for tenant-controlled sites which the Group owns but does not directly operate. This constitutes three buildings as follows: the student building, Brighton; the office, Brighton; 22 Kingsway, London. These do not fall within our operational reporting boundary, and therefore have no impact on our Scope 1 and 2 Greenhouse gases emissions, but have been voluntarily reported under our Scope 3 emissions for completeness.

Business travel has been omitted from this disclosure as sufficient data is not currently recorded or available to effectively report on, or estimate, this emissions source. Whilst the impact of this category is considered to be immaterial in comparison to the Group’s overall Greenhouse gases emissions, efforts are being made to ensure that this information will be recorded sufficiently going forward to enable reporting on this in future disclosures, as required by the Streamlined Energy and Carbon Reporting legislation.

Assumptions and estimations

For sites that fall within our operational reporting boundary, actual data from supplier utility invoices was prioritised for reporting and used in almost all instances. The exceptions to this relate to our corporate offices, as follows:

- London office - the Group shares its corporate head offices with its Property Manager and Advisor, Scape UK Management Limited, the latter of which falls outside of the organisational boundary. The Group is recharged for a proportion (46.6%) of the consumption costs of the office, which has been used to calculate the proportion of energy consumption which is considered as the Group’s responsibility.
- Harrogate office - Where no data was available for the Groups’ corporate office in Harrogate, an energy consumption intensity per full time equivalent employee (kWh/FTE/year) was calculated based on the apportioned annual consumption data of the London HQ office, which was considered as a comparable basis for estimation. This was then used to estimate consumption for this office, based on the number of full time equivalent employees attributable to the Group. Note, this site represents less than zero point one percent of the Group’s total consumption.

For tenant-controlled sites that do not fall under the Group’s direct control, estimations account for 40% of the total energy consumption for the 2023/24 reporting period. For periods lacking actual data, consumption was estimated by directly substituted consumption data from equivalent periods in the previous reporting year. It is worth noting that the acquisition of actual consumption data from tenants is typically more obtainable when full calendar year data is accessible, due to differing reporting periods between organisations and the timing of this report.

STRATEGIC REPORT (CONTINUED)

Streamlined Energy and Carbon Reporting (continued)

Performance

The tables below present the absolute energy performance of Scope 1, 2 and 3 emissions, which represents the Group's first year of reporting under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018:

Table 1: Scape Living PLC's Energy Consumption and Greenhouse gases Emissions for 2023/24

Absolute Greenhouse gases emissions (tCO_2e)		2023/24	2022/23	Year-on-Year % Change
Scope 1	Landlord fuel consumption (MWh)	6,602	6,147	7%
	Fuel consumption (company vehicles) (mileage)	-	-	-
	Fuel consumption (company vehicles) (MWh)	-	-	-
	Greenhouse gases emissions (tCO_2e)	1,207	1,124	7%
Scope 2 (location-based)	Landlord electricity consumption (MWh)	5,277	6,041	-13%
	Electricity consumption (company vehicles) (mileage)	-	-	-
	Electricity consumption (company vehicles) (MWh)	-	-	-
	Greenhouse gases emissions (tCO_2e)	1,093	1,227	-11%
Scope 1 & 2	**Total Scope 1&2 emissions (location-based) (tCO_2e)**	2,300	2,351	**-2%**
Scope 3	Tenant fuel consumption (MWh)	3,461	3,472	0%
	Tenant electricity consumption (MWh)	2,272	2,204	3%
	Tenant district heating consumption (MWh)	2,175	2,196	-1%
	Fuel consumption (employee-owned/rented vehicles for business use) (mileage)	-	-	-
	Fuel consumption (employee-owned/rented vehicles for business use) (MWh)	-	-	-
	Total Scope 3 emissions (tCO_2e)	1,494	1,479	**1%**
Total Energy	**Total Energy Consumption (MWh)**	19,787	20,060	**-1%**
Total Emissions (Scope 1, 2 & 3)	**Total Scope 1, 2 and 3 emissions (location-based) (tCO_2e)**	3,794	3,830	**-1%**
Emissions Intensity	Total number of residential beds	2,618	2,618	0%
	Scope 1 & 2 emissions intensity ($tCO2e$/bed/year)	0.88	0.90	-2%
	Scope 3 emissions intensity ($tCO2e$/bed/year)	0.57	0.56	2%
	Landlord floor area (m^2)	74,730	74,730	0%
	Tenant floor area (m^2)	22,521	22,521	0%
	Scope 1 & 2 emissions intensity ($tCO2e$/squared metre/year)	0.03	0.03	-2%
	Scope 3 emissions intensity ($tCO2e$/squared metre/year)	0.07	0.07	1%

STRATEGIC REPORT (CONTINUED)

Streamlined Energy and Carbon Reporting (continued)

Over the current reporting period of 2023/24, the Group was responsible for a total of 19,786MWh of energy consumption, resulting from the operation of buildings (including both landlord and tenant controlled) and business travel. This represents a decrease of 1% compared to the previous reporting period.

A decrease in Scope 1, 2 and 3 emissions of 1% has also been observed year-on-year in alignment with energy consumption trends. Specifically, Scope 1 and 2 emissions have seen reductions of 2% through ongoing energy efficiency improvement measures and maintenance activities. However, our Scope 3 emissions, which are outside of our control, have increased by 1%. This has ultimately resulted in a net reduction, due to the higher weighting of directly managed assets within our portfolio.

The number of beds and floor area across our portfolio has not changed year-on-year, meaning changes in our Greenhouse gases emissions intensity ratios are aligned with our absolute Greenhouse gases emissions reductions. A reduction of 2% has been achieved for Scope 1 and 2 emissions per bed and per square metre, compared to a 1% increase in Scope 3 Greenhouse gases emissions per bed and per square metre.

The Group has further prioritised sustainability by ensuring that almost all electricity consumed in its directly controlled sites are supplied through green tariff (off-site renewable) contracts. In addition, renewable energy is being generated on-site through solar photovoltaics at one building to reduce the associated carbon emissions resulting from energy demand.

Energy Efficiency Actions

During 2023/24, the Group has continued to progress towards improving the energy efficiency of its assets and reducing associated environmental impacts from operating them. Principal measures taken during 2023/24 have included:

- Implementing Utopi, a smart building energy management solution, across the Bloomsbury, Shoreditch and Wembley assets. This involved installing thermostatic radiator valves, integrated occupancy sensors, and the setup of an online platform to enable remote management of heating across these spaces.
- Installing heating timers at the Canalside asset, in order to reduce natural gas consumption and optimise temperature controls.
- Assessing and designing a solution to implement an air source heat pump installation for the Shoreditch asset, to decarbonise heating generation for the building.
- Upgrading automatic metering for gas and electricity across a number of sites to improve data quality, enabling more informed decision-making around future energy efficiency interventions.
- Undertaking energy audits, in compliance with the United Kingdom's Energy Savings and Opportunities Scheme to identify further opportunities for energy reduction.
- Facilitating an energy reduction campaign across all directly managed student accommodation sites, by engaging tenants through a variety of activities and educational materials.
- Adjusting the building management system controls by reducing temperature set points across a number of assets.
- Implementing an additional combined heat and power burner at Wembley, and changing settings across other applicable assets to improve performance.

Social

Our Heart of the Community pillar within the Group's ESG strategy seeks to create social value and a sense of place for everyone. The Board acknowledge the impact that our employees and residents have in bringing our buildings to life. Their perspectives, ideas, and experiences bring a unique and diverse energy that enriches our community. We value their role in realising our vision to create spaces that are not just functional, but truly meaningful. Having formalised our ESG Strategy, the Group has set targets that it will report on in the coming years to track the success of our ambitions. Our future activities will include upholding high employee engagement, introducing a Charity Partner of the Year, introducing a dedicated apprenticeship scheme, and implementing social value accounting principles into our decision-making.

Delivering a positive resident experience

Providing our residents with an exceptional offering is at the heart of Scape and vital for a successful and growing business. We do this by safeguarding their health and well-being whilst nurturing a sense of belonging through our onsite teams and facilities, social initiatives, support services, and collaborative culture. As a result, 17% of our residents chose to renew with us in 2024, and we are the highest rated accommodation provider in London, with 97% occupancy.

Regarding well-being, at least 80% of our site teams have received mental health and first aid training, enabling them to offer around-the-clock support through our user-friendly app, which simplifies the process for students to seek help when needed as well as access to support materials. Moreover, we prioritise the safety and security of our residents by ensuring our sites are always staffed and our buildings are made secure through dedicated, 24/7, surveillance systems. This instils a sense of peace and protection among our valued residents, allowing them to truly thrive during their stay. This is complemented by onsite facilities such as bike storage, quiet rooms, faith rooms, gym facilities and fitness classes such as yoga.

Being part of the local community

The Group recognises the role our locations can play in providing a positive impact in the communities they reside. Fostering a positive, long lasting positive impact, is achieved in many different ways from local recruitment to bespoke programmes where community interaction is nurtured.

In 2023, Scape partnered with the charity Future Frontiers to support young people on their career journeys from Haberdashers' Knights Academy. Haberdashers' Knights Academy is based in the London Borough of Bromley, under an hour from Scape Canada Water.

Together, we introduced a career coaching programme with the purpose of enabling young people from Haberdashers' Knights Academy to explore and connect pathways to careers they would not previously have known, considered, or thought possible.

Over four weeks, the programme focused on a different elements covering interests, career aspirations, career options and by the last week, be able to speak to someone in their chosen profession and to have a clear understanding how to get there through study and experience.

The final week gave opportunities for the students to speak to people who were already in their chosen profession. This is where our employee professional networks really shone with pilots, teachers, nurses, stockbrokers and one of Scape's founders taking the time to speak to each young person. In all, Scape provided over 90 hours of coaching for young people.

Being part of the local community (continued)

In addition to this, we partnered with Queen Mary University of London and launched the Scape Student Scholarship. The scholarship provides access to accommodation to young people who are care experienced or estranged to enable them to continue to their studies in the face of financial and emotional hardship. Two applications were accepted for 24/25 academic year with both students able to embark on their studies.

The Board provides volunteering opportunities to its employees with the provision of day a year which can be taken to support good causes. Across the year several initiatives took place from charity shop assistance, volunteering in local foodbanks and litter picking.

Employee training and development

To continuously engage employees on their development, our performance appraisal process comprises of a mid-year and end-of-year review. In 2023, 100% of employees received a performance appraisal. These appraisals encompass both business objectives, including ESG targets, and personal goals. Managers also conduct monthly one-to-one meetings with their direct reports to have discussions about their teams' aspirations, interests, and professional development. To support employees' growth, managers can assign customised training pathways through our learning and development platform, Learn Amp. With access to over 6,000 curated resources, employees can enhance their personal development and career progression, focusing on areas such as equality, diversity, well-being, and sustainability. On average, each employee received 27 hours of training in 2023, covering a variety of topics based on individuals' requirements to support their professional development. In 2023, we enhanced the interactivity of our training, moving away from static and text-based materials, to incorporate videos for a more engaging learning experience. Furthermore, we are looking into opportunities to partner with leading universities and education providers to enhance accessibility to higher education for anyone venturing into it. By collaborating with these institutions, we can create opportunities for our employees to further their education and expand their knowledge base.

Rewarding hard work and promoting from within is essential for fostering growth and satisfaction and, in 2023, our internal mobility rate was 7.6%. As well as celebrating employees' success on Workplace, we also invite employees to nominate their colleagues who have demonstrated outstanding performance through our Annual Exceptional Performance Awards. These nominations go through a rigorous validation process conducted by a judging panel, and the winners are presented with a prestigious accolade. This award allows our colleagues to shine a light on the remarkable work their teammates are doing each day. In addition, at every site, we celebrate an Employee Champion of the Month, recognising effort and achievement within our operational teams.

Governance

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

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

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

The Board has delegated financial reporting and the annual audit oversight to the audit committee. The audit committee recommended a change in auditor in the year, and following a tender process, appointed KPMG as the Group's auditor on 9 October 2024. The decision was based on audit quality, industry knowledge and robust challenge.

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

Governance (continued)

The Group prides itself on establishing a transparent and robust governance structure. This includes regular reporting to the Board on all matters associated with ESG, the implementation of the Group's ESG strategy and the Group's Annual ESG Monitoring Report.

Diversity

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

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

Board's Obligations under Section 172 of the Companies Act

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

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

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

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

To ensure every student has the opportunity to feed back, a one-to-one conversation is completed with each student after check-in and focus groups are hosted throughout the year. As a result of feedback, more site-orientation activities were introduced at the start of residency and the types of events provided has diversified in the year.

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

STRATEGIC REPORT (CONTINUED)

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

Shareholders

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

During the year, the Board consulted the shareholders on decisions made. This included the two new loans secured in the year and the decision to withdraw from sale the student building at Circus Street. In each case, the Directors would engage with shareholders in advance of board meetings.

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

Local Communities

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

As a result of feedback, signage at the Hammersmith development was modified during the year.

The assets bring with them a number of benefits to the local community, including job opportunities. The Board is committed to hiring local people to work at Scape locations, where possible.

Employees

Via its employment company, Scape Operations Limited, the group employs circa 137 (2023 - 126) employees. Most of the employees are permanently based at property asset sites, performing roles such as cleaning, maintenance and front-of-house.

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

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

The Board carefully monitors levels of staff retention and feedback from the monthly review of new joiner and leaver interviews. As a result of feedback from employees, Scape has introduced a number of additional benefits and long term service awards.

These include the introduction of a health cash plan to attract new starters (and benefit existing employees); monetary rewards for length of service to increase retention; additional training opportunities, and salary reviews. The feedback also encouraged more effective communication around the culture and benefits that attract and retain employees.

STRATEGIC REPORT (CONTINUED)

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

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

Suppliers

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

Debt Providers

The Group has debt financing in place, secured against certain investment property assets. The Group relies on the property adviser to maintain regular communication with the debt providers to keep them informed of the financial and operational performance of the properties. In addition, each debt provider requires quarterly management information on the property assets over which they have security.

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

Signed by:
Ravi Nevile
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Ravi Nevile
Director

Date: 21/02/2025

DIRECTORS REPORT

The Directors present their report and the audited consolidated financial statements for the year ended 30 September 2024.

Directors

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

Thomas Ward
Charlotte Robinson (appointed 23 May 2024)
Ravi Nevile
Adam Brockley (Alternate Director)
John Webber (Alternate Director) (appointed 29 May 2024)
Leonardus Hertog (resigned 23 May 2024)

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTORS REPORT (CONTINUED)

Results and dividends

The Group's profit for the year, after taxation and non-controlling interests, amounted to £68,652,000 (2023 – loss £38,269,000).

The Company's profit for the year, after taxation, amounted to £40,776,000 (2022 - loss £34,409,000).

Scrip dividends of £11.0m and £12.0m were declared during the year to 30 September 2024 (2023 - £10.0m). The dividends were declared on the 10th and 26th September 2024 and the shares issued on 17th and 30th September 2024.

Going concern

The Group was profit making in the year, with the operational assets performing well with an overall operating margin of 60% (2023: 55%). The Group has positive net assets of £680.7m but is in a net current liability position of £307m due to the shareholder loan, and two of the Group's loans being due for repayment in less than one year.

Subsequent to the 30 September 2024, £35.6m of the £160.0m shareholder loan was repaid and the remainder of the loan was extended to 30 April 2026.

Three of the Group's bank loans are due for repayment within 12 months of the date of approval of these financial statements. The £154.3m loan from Aareal was due for repayment in March 2025 but, subsequent to the year end, has been extended to March 2026. As part of the extension, it was agreed that no quarterly repayments would be required for the remainder of the loan. Under the facility agreement, provided there continues to be no breach outstanding when the extension is required, there is an option to extend for one further year to March 2027.

The £105m facility secured on the Hammersmith property (of which £75.3m was drawn as at 30 September 2024) is expected to be converted to an investment facility on 31 January 2026 (or earlier), securing an extension to 31 January 2027 provided the loan to value (LTV) does not exceed 65% and the debt yield is at least 7.5%. Current forecasts show the debt yield to be 9.6% at practical completion based on 98% occupancy. Of the 713 beds at the asset, 357 have already been let to a Russell Group university on a nominations agreement. Of the remaining 356 beds, occupancy could fall to 74% before the test fails. Should the covenant tests not be passed, the Group would look to refinance the loan with an alternative provider.

The £35m loan secured on the Kingsway property is due to for repayment on 29 September 2025 and will either be extended or the Group will look to refinance the loan with an existing lender.

The remaining spend of £38.9m under the Hammersmith forward funding agreement will be funded by drawing down on the loan facility secured on the property, and new equity issued to the shareholders.

The Group's existing bank loans are meeting historic and forward-looking covenants as at the date of the signing of these financial statements. The Group's existing bank loans and a summary of their covenants are disclosed within note 22.

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

Management also considers severe but plausible downsides in making their assessment. One key risk is occupancy of the operational buildings given a reduction in occupancy would lead to a reduction in cash generated to operate the business. For the 2024/ 2025 academic year, contracts are in place securing a high level of occupancy. However, if the occupancy for the 2025/2026 academic year were to fall by 25%, the cashflow model forecasts that there would be sufficient cash to meet liabilities as they fall due.

DIRECTORS REPORT (CONTINUED)

Going concern (continued)

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

The Company was profit making, in a net current liability position and has positive net assets at the year end date. The net current liability position is as a result of the £160m shareholder loan. As noted in the Group section above, this loan has, subsequent to the year end, been partially repaid with the remainder extended to 30 April 2026. Excluding this loan, the Company has net current assets of £65.3m. Management have reviewed forecasts and the payment terms of current liabilities in the context of the financial resources available and are satisfied that the Company is able to meets its liabilities as they fall due.

Post balance sheet events

For details of post balance sheet events see note 33.

Financial instruments

Details of the financial instruments of the Group are detailed in note 4 and note 23.

Future developments

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

Engagement with suppliers, customers and others

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

Director’s indemnities and insurance

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

DIRECTORS REPORT (CONTINUED)

Independent auditor
In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

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

Signed by:
Ravi Nevile
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Ravi Nevile
Director

Central Square
29 Wellington Street
Leeds
LS1 4DL

Date: 21/02/2025

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

Opinion

We have audited the financial statements of Scape Living Plc ("the Company") for the year ended 30 September 2024 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated and company statements of cash flows and related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board and audit committee minutes;

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

Fraud and breaches of laws and regulations – ability to detect (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as investment property valuations.

On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's income primarily arises from lease contracts with fixed, or highly predictable, periodic payments.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying and selecting certain journal entries made at the end of the reporting period and post-closing entries for testing and comparing the identified entries to supporting documentation;
- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and those posted containing specific keywords;
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: landlord and tenant legislation, property laws, building and fire safety legislation, recognising the nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Fraud and breaches of laws and regulations – ability to detect (continued)

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws or regulation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 16, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

The purpose of our audit work and to whom we owe our responsibilities

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

Syed Adnan Moquith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 21 February 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	2024 £'000	2023 £'000
Revenue	5	**62,558**	49,683
Property expenses	6	**(16,700)**	(13,891)
Gross profit		**45,858**	35,792
Administrative expenses	7	**(10,200)**	(10,288)
Other income	8	**2,140**	1,610
Operating profit	9	**37,798**	27,114
Fair value gain on lease liabilities carried as investment property		**312**	99
Fair value gain/(loss) of investment properties	14	**49,598**	(48,862)
Profit before net financing gains/(costs)		**87,708**	(21,649)
Fair value loss on financial instruments		**(205)**	-
Finance income		**2,040**	268
Finance expense	11	**(19,848)**	(16,839)
Profit/(loss) before taxation		**69,695**	(38,220)
Taxation	12	**(106)**	(261)
Total comprehensive profit/(loss) for the financial year		**69,589**	(38,481)
Profit/(loss) for the year attributable to:			
Owners of the parent company		**68,652**	(38,269)
Non-controlling interest	27	**937**	(212)
Total comprehensive profit/(loss) for the financial year		**69,589**	(38,481)

There was no other comprehensive income for 2024 and 2023.

The notes on pages 31 to 63 are an integral part of these financial statements.

SCAPE LIVING PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Investment properties	14	**1,318,805**	1,139,142
Other receivables	18	**1,400**	1,400
Total non-current assets		1,320,205	1,140,542
Current assets			
Trade and other receivables	17	**8,175**	6,924
Cash and cash equivalents	19	**62,135**	31,230
Asset classified as held for sale	16	**11,723**	82,140
Total current assets		82,033	120,294
Liabilities			
Current liabilities			
Trade and other payables	20	**(33,515)**	(44,669)
Provisions	21	**(5,797)**	(7,836)
Lease liabilities	13	**(1,599)**	(1,527)
Borrowings	22	**(348,169)**	(201,571)
Financial derivatives		**(6)**	-
Total current liabilities		(389,086)	(255,603)
Net current liabilities		(307,053)	(135,309)
Non-current liabilities			
Lease liabilities	13	**(59,787)**	(57,591)
Borrowings	22	**(272,484)**	(352,219)
Financial derivatives		**(199)**	-
Total non-current liabilities		(332,470)	(409,810)
Net assets		680,682	595,423
Capital and reserves			
Called up share capital	25	**11,144**	10,604
Share premium account	26	**557,652**	524,792
Retained earnings	26	**105,886**	60,235
Equity attributable to the owners of the parent company		674,682	595,631
Non-controlling interest	27	6,000	(208)
Total equity		680,682	595,423

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

Signed by:
Ravi Nevile
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Ravi Nevile
Director

Date: 21/02/2025

The notes on pages 31 to 63 are an integral part of these financial statements.

Scape Living PLC **Registered number: 12899215**

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Investment in subsidiaries	15	**710,858**	651,152
Current assets			
Trade and other receivables	17	**39,233**	167,479
Cash and cash equivalents	19	**33,341**	100
Total current assets		72,574	167,579
Liabilities			
Current liabilities			
Trade and other payables	20	**(7,272)**	(53,746)
Borrowings	22	**(160,000)**	(200,000)
Total current liabilities		**(167,272)**	(253,746)
Net current liabilities		**(94,698)**	(86,167)
Net assets		616,160	564,985
Capital and reserves			
Called up share capital	25	**11,144**	10,604
Share premium account	26	**557,652**	524,792
Retained earnings	26	**47,364**	29,589
Shareholders funds		616,160	564,985

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The profit for the parent company for the year was £40,776,000 (2023 – loss £34,409,000).

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

Signed by:
Ravi Nevile
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Ravi Nevile
Director

Date: 21/02/2025

The notes on pages 31 to 63 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Called up share capital (note 25) £'000	Share premium account (note 26) £'000	Retained earnings (note 26) £'000	Non-controlling interest (note 27) £'000	Total equity and reserves £'000
At 1 October 2022	10,565	522,347	108,477	4	641,393
Comprehensive loss for the year ended 30 September 2023					
Loss for the year	-	-	(38,269)	(212)	(38,481)
Total comprehensive loss for the year ended 30 September 2023	-	-	(38,269)	(212)	(38,481)
Ordinary dividends paid (note 26)	-	-	(6,867)	-	(6,867)
Scrip dividends paid (note 26)	-	-	(3,106)	-	(3,106)
Shares issued (note 25)	39	2,445	-	-	2,484
At 30 September 2023	**10,604**	**524,792**	**60,235**	**(208)**	**595,423**
Comprehensive profit for the year ended 30 September 2024					
Profit for the year	-	-	68,652	937	69,589
Total comprehensive profit for the year ended 30 September 2024	-	-	68,652	937	69,589
Scrip dividends paid (note 26)	-	-	(23,001)	-	(23,001)
Shares issued (note 25)	540	32,860	-	-	33,400
Investment in Talgarth UK Holdco Ltd	-	-	-	5,271	5,271
At 30 September 2024	**11,144**	**557,652**	**105,886**	**6,000**	**680,682**

The notes on pages 31 to 63 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Called up share capital (note 25) £'000	Share premium account (note 26) £'000	Retained earnings (note 26) £'000	Total equity and reserves £'000
At 1 October 2022	10,565	522,347	73,971	606,883
Comprehensive loss for the year ended 30 September 2023				
Loss for the year	-	-	(34,409)	(34,409)
Total comprehensive loss for the year ended 30 September 2023	-	-	(34,409)	(34,409)
Shares issued (note 25)	39	2,445	-	2,484
Ordinary dividends paid (note 26)	-	-	(6,867)	(6,867)
Scrip dividends paid (note 26)	-	-	(3,106)	(3,106)
At 30 September 2023	**10,604**	**524,792**	**29,589**	**564,985**
Comprehensive loss for the year ended 30 September 2024				
Profit for the year	-	-	40,776	40,776
Total comprehensive profit for the year ended 30 September 2024	-	-	40,776	40,776
Shares issued (note 25)	540	32,860	-	33,400
Scrip dividends paid (note 26)	-	-	(23,001)	(23,001)
At 30 September 2024	11,144	557,652	47,364	616,160

The notes on pages 31 to 63 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Cash flows from operating activities					
Profit/(loss) for the financial year		**69,589**	**40,776**	(38,481)	(34,409)
Adjustments for:					
Finance expense	11	**19,848**	**121**	16,839	-
Finance income		**(2,040)**	**(1,864)**	(268)	-
Fair value gain on right of use asset		**(312)**	**-**	(99)	-
Fair value (gain)/loss of investment properties	14	**(49,598)**	**-**	48,862	-
Fair value loss on financial instruments		**205**	**-**	-	-
Impairment of investment in subsidiaries	15	**-**	**5,330**	-	86,758
Non-cash dividends received		**-**	**(50,500)**	-	(62,632)
(Increase)/decrease in debtors		**(4,304)**	**3,320**	13,559	(27,160)
Receivables written off		**-**	**-**	-	8,000
(Decrease)/increase in creditors		**(1,983)**	**6,432**	4,418	51,406
Net cash generated from operating activities		**31,405**	**3,615**	44,830	21,963
Cash flows from investing activities					
Acquisition of subsidiaries and joint ventures		**-**	**-**	1,993	(13,581)
Acquisition of investment properties		**-**	**-**	(79,044)	-
Expenditure on investment properties		**(57,063)**	**-**	(24,629)	-
Advance to subsidiaries		**-**	**(22,944)**	-	(82,030)
Repayment from subsidiaries		**-**	**80,437**		
Net cash used in investing activities		**(57,063)**	**57,493**	(101,680)	(95,611)
Cash flows from financing activities					
Proceeds from share issue	25	**15,000**	**15,000**	-	-
Repayment of loans		**(41,571)**	**(40,001)**	(1,394)	-
New loans		**104,628**	**-**	7,108	-
Repayment of lease liabilities		**(1,510)**	**-**	(1,178)	-
Interest paid		**(17,325)**	**(121)**	(14,063)	-
Interest received		**1,941**	**1,855**	-	-
Withholding tax on scrip dividends		**(4,600)**	**(4,600)**	(7,488)	(7,488)
Net cash from financing activities		**56,563**	**(27,867)**	(17,015)	(7,488)

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Net increase/(decrease) in cash and cash equivalents		**30,905**	**33,241**	(73,865)	(81,136)
Cash and cash equivalents at the beginning of the year	19	**31,230**	100	105,095	81,236
Cash and cash equivalents at the end of the year	19	**62,135**	**33,341**	31,230	100

Refer to note 24 for details of changes in the Group liabilities arising from financing activities, including both cash and non-cash changes.

The notes on pages 31 to 63 are an integral part of these financial statements.

1 General Information

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The profit for the parent company for the year was £40,776,000 (2023 – loss £34,409 ,000).

2 Accounting policies

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

Basis of preparation

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

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

Going concern

The Group was profit making in the year, with the operational assets performing well with an overall operating margin of 60% (2023: 55%). The Group has positive net assets of £680.7m but is in a net current liability position of £307m due to the shareholder loan, and two of the Group's loans being due for repayment in less than one year.

Subsequent to the 30 September 2024, £35.6m of the £160.0m shareholder loan was repaid and the remainder of the loan was extended to 30 April 2026.

Three of the Group's bank loans are due for repayment within 12 months of the date of approval of these financial statements. The £154.3m loan from Aareal was due for repayment in March 2025 but, subsequent to the year end, has been extended to March 2026. As part of the extension, it was agreed that no quarterly repayments would be required for the remainder of the loan. Under the facility agreement, provided there continues to be no breach outstanding when the extension is required, there is an option to extend for one further year to March 2027.

The £105m facility secured on the Hammersmith property (of which £75.3m was drawn as at 30 September 2024) is expected to be converted to an investment facility on 31 January 2026 (or earlier), securing an extension to 31 January 2027 provided the loan to value (LTV) does not exceed 65% and the debt yield is at least 7.5%. Current forecasts show the debt yield to be 9.6% at practical completion based on 98% occupancy. Of the 713 beds at the asset, 357 have already been let to a Russell Group university on a nominations agreement. Of the remaining 356 beds, occupancy could fall to 74% before the test fails. Should the covenant tests not be passed, the Group would look to refinance the loan with an alternative provider.

2 Accounting policies (continued)

Going concern (continued)
The £35m loan secured on the Kingsway property is due to for repayment on 29 September 2025 and will either be extended or the Group will look to refinance the loan with an existing lender.

The remaining spend of £38.9m under the Hammersmith forward funding agreement will be funded by drawing down on the loan facility secured on the property, and new equity issued to the shareholders.

The Group's existing bank loans are meeting historic and forward-looking covenants as at the date of the signing of these financial statements. The Group's existing bank loans and a summary of their covenants are disclosed within note 22.

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

Management also considers severe but plausible downsides in making their assessment. One key risk is occupancy of the operational buildings given a reduction in occupancy would lead to a reduction in cash generated to operate the business. For the 2024/ 2025 academic year, contracts are in place securing a high level of occupancy. However, if the occupancy for the 2025/2026 academic year were to fall by 25%, the cashflow model forecasts that there would be sufficient cash to meet liabilities as they fall due.

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

The Company was profit making, in a net current liability position and has positive net assets at the year end date. The net current liability position is as a result of the £160m shareholder loan. As noted in the Group section above, this loan has, subsequent to the year end, been partially repaid with the remainder extended to 30 April 2026. Excluding this loan, the Company has net current assets of £65.3m. Management have reviewed forecasts and the payment terms of current liabilities in the context of the financial resources available and are satisfied that the Company is able to meets its liabilities as they fall due.

Changes in accounting policy and disclosure

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

- IFRS S1 - General requirements for disclosure of sustainability-related financial information (effective 1 January 2024)
- IFRS S2 - Climate-related disclosures (effective 1 January 2024)
- IFRS 18 – Presentation and Disclosures in Financial Statements (effective 1 January 2027)
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (effective 1 January 2024)
- Amendments to IAS 1 – Non-current liabilities with Covenants (effective 1 January 2024)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (effective 1 January 2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (effective 1 January 2024)
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of financial instruments (effective 1 January 2026)

2 Accounting policies (continued)

Changes in accounting policy and disclosure (continued)

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

Basis of consolidation

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

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

Revenue recognition

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

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

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

Modifications to operating leases the Group holds as a lessor are accounted for from the effective date of the modification. Modifications take into account any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. The revised remaining consideration under the modified lease is then recognised in rental income on a straight-line basis over the remaining lease term.

Rental income is invoiced in instalments over the academic year in line with the terms stated in the underlying tenancy agreements. Rental income received in advance is recorded as deferred income and recognised in the statement of comprehensive income over the period that it relates to.

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

Property expenses

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

2 Accounting policies (continued)

Employee benefits
Defined contribution plans
A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into a separate entity and will have no legal and constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement in the period in which services are rendered by employees.

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

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

Leases

Lessee

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

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

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

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

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

2 Accounting policies (continued)

Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

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

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

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

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

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

Lessor

When the Group acts as a lessor it determines at lease inception whether each lease is a finance lease or operating lease.

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

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

Investment property

Investment property is recognised when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost of the investment property can be measured reliably.

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Additions to investment property include costs of a capital nature only. Expenditure is classified as capital when it results in identifiable future economic benefits, that can be measured reliably, which are expected to accrue to the Group. All other property expenditure is expenses in the Group profit or loss as incurred. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. Where an investment property has a lease containing a lease incentive such as a rent-free period or cash contribution to tenant fit-out, a deduction is made to the investment property carrying value to adjust for the straight lining of rental income over the term of the lease.

2 Accounting policies (continued)

Investment property (continued)
Where the investment property is under the course of construction, construction costs and borrowing costs are capitalised if they are directly attributable to the acquisition and construction of a property asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs continues until the assets are substantially ready for their intended use but stops if development activities are suspended. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised

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

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

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

Investments
Investments in subsidiaries are measured at cost less accumulated impairment.

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

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

2 Accounting policies (continued)

Non-current assets classified as held for sale
A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than continuing use, it is available for immediate sale and a sale is highly probable within one year. Investment property that is classified as held for sale is held at fair value in accordance with IAS40.

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

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

Financial assets
Financial assets are subsequently classified into the following specified categories:

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

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

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

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

An explanation of the fair value hierarchy is as follows:

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

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

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

Further details of the Group's financial instruments can be found in note 23.

2 Accounting policies (continued)

Financial assets (continued)

Derecognition of financial assets

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

Impairment of financial assets

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

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

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

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

Financial liabilities

Financial liabilities measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as a derivative or designated as such on initial recognition. Financial liabilities at FVTL are measured at fair value and net gains and losses are recognised in profit or loss. Other financial liabilities are subsequently measured at cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

2 Accounting policies (continued)

Provisions
A provision is recognised in the balance sheet when the Group has a present obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cashflows at a pre-tax rate that reflects risks specific to the liability.

Derivative financial instruments
Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. As at 30 September 2024 the Group had the following critical accounting estimates, assumptions and judgements:

(i) Valuation of investment property

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

(ii) Fair valuation of interest rate derivatives

Key source of estimation uncertainty – In accordance with IFRS 13, the Group values its interest rate derivatives at fair value. The far values are estimated by an independent specialist with revaluation occurring on a quarterly basis. A number of assumptions are made in determining fair value including estimations over future interest rates and therefore future cash flows. The fair value represents the net present value of the difference between the cash flows produced by the contracted rate and the valuation rate.

(iii) Provision for fire safety works

Critical accounting estimate – In accordance with IAS 37, the Group has provided for the cost of work required to be undertaken on investment properties in order to be compliant with the Building Safety Act. The balance provided for is management's estimate of future costs to be incurred as a result of the Act being passed and to which the properties have a legal obligation to comply with.

4 Financial risk management

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

The Group's principal financial instruments comprise trade and other receivables, cash at bank, deferred consideration and bank loans. Quantitative data regarding the Group's financial instruments is set out in note 23.

For the Group's financial instruments that are measured at amortised cost, fair value approximates their carrying amount, with the exception of bank borrowings which have a fair value of £455,623,000 (2023 - £335,293,000) and a carrying amount of £460,653,000 (2023 - £353,790,000). The fair value is classified as level 2 liability under IFRS 13 Fair Value Measurement. The valuation technique is calculated on expected interest payments based on current market interest rates for a similar size and length of loan, discounted to today's value.

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

a) Market risk

Market risk is the risk that the future values of investments in property and related investments will fluctuate due to changes in market values. The total exposure at the statement of financial position date is £1,322,417,000 (2023 - £1,139,142,000). To manage this risk, the Group diversifies its portfolio across a number of assets.

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

	-3% change in net operating income	+3% change in net operating income	-0.5% change in yield	+0.5% change in yield
As at 30 September 2024	£	£	£	£
Movement in fair value of the investment properties	(44,575,000)	44,585,000	201,305,000	(158,155,000)

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

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

4 Financial risk management (continued)

a) Market risk (continued)

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

Foreign exchange risk

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

Price risk

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

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

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

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

Interest rate risk

The Group finances its operations via contributions from shareholders and bank loans. The Group's bank loans bear interest at a fixed rate or are subject to an interest rate swap covering at least 80% of the loan balance. As such, at present, the Group is not exposed to a significant interest rate risk.

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

b) Credit risk

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

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

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

4 Financial risk management (continued)

b) Credit risk (continued)

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

The Group also makes use of short term deposit accounts. Under the Group's cash management policy, such deposits can only be placed with banks or financial institutions which have a credit rating of at least F1/A-.

c) Liquidity risk

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

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

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

At 30 September 2024	Carrying amount £'000	In less than one year £'000	Between one and five years £'000	Over five years £'000
Trade payables	2,672	2,672	-	-
Provisions	5,797	5,797	-	-
Other payables	4,386	4,386	-	-
Retentions payable	1,468	1,468	-	-
Accruals	2,599	2,599	-	-
Borrowings and future interest payments	685,593	353,322	332,271	-
Financial derivatives	205	6	199	
Total	**702,720**	**370,250**	**332,470**	**-**

Of the £353,322,000 borrowings due in less than one year, £160,000,000 related to the shareholder loan.

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

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

4 Financial risk management (continued)

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

At 30 September 2024	Carrying amount £'000	In less than one year £'000	Between one and five years £'000	Over five years £'000
Trade payables	865	865	-	-
Retentions payable	1,104	1,104	-	-
Accruals	884	884	-	-
Amounts owed to subsidiaries	4,419	4,419	-	-
Borrowings and future interest payments	160,000	160,000	-	-
Total	167,272	167,272	-	-

At 30 September 2023	Carrying amount £'000	In less than one year £'000	Between one and five years £'000	Over five years £'000
Trade payables	2,495	2,495	-	-
Other payables	27	27	-	-
Retentions payable	1,104	1,104	-	-
Amounts owed to subsidiaries	50,120	50,120	-	-
Borrowings and future interest payments	200,000	200,000	-	-
Total	253,746	253,746	-	-

Capital risk management

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

5 Revenue

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

	2024 £'000	2023 £'000
Direct student let income	40,779	35,233
Nomination rental income	7,405	4,340
Direct co-living income	1,977	1,765
Discounts	(141)	(193)
Total	50,020	41.145
Commercial income	12,178	8,204
Ancillary income	360	334
Total	62,558	49,683

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

6 Property expenses

	2024	2023
	£'000	£'000
Employee costs	3,659	2,961
Utilities	2,695	1,688
Management fees	2,443	2,058
Property rates and insurance	893	1,605
Marketing	432	445
Lifecycle costs	1,268	1,060
Irrecoverable VAT on property expenses	1,676	1,345
Agent commission	752	771
Facilities management	1,529	1,096
Central overheads	1,035	619
Other	318	243
Total	16,700	13,891

Included within the above costs are £3,000 of operating costs in relation to the Hammersmith asset that did not generate rental income during the period. These costs are in relation to preparing the property for opening such as marketing costs.

7 Administrative expenses

	2024	2023
	£'000	£'000
Legal and professional	1,762	1,700
Administrative costs	220	313
Audit fees (note 9)	520	565
Company secretarial	189	219
Director's fee	21	18
Listing fee	6	19
Recharged costs	2,090	1,525
Tax compliance and advisory fees	524	708
Valuation fees	179	134
Irrecoverable VAT on administrative expenses	1,108	1,335
Printing	-	124
Other fees	(20)	(5)
Insurance	124	-
Property advisory fees	3,477	3,633
Total	10,200	10,288

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

8 Other operating income

Other income of £2,140,000 (2023 - £1,610,000) primarily represents costs incurred by an entity within the Group where a portion of the cost is recharged to an entity outside of the Group.

9 Operating profit

	2024 £'000	2023 £'000
Operating profit is stated after charging:		
Audit of the Group's consolidated financial statements and the Scape only financial statements	100	279
Audit of the subsidiaries' stand alone financial statements	420	286
Auditors' remuneration	520	565
Auditors' remuneration – non audit service - VAT return preparation	-	77
Total auditors' remuneration	520	642

Included within the 2024 audit costs are £79,000 of fees in relation to the 2023 audit.

10 Employees

Staff costs were as follows:

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Wages and salaries	3,280	-	2,656	-
Social security costs	304	-	249	-
Costs of defined contribution scheme	75	-	56	-
Total	3,659	-	2,961	-

One Director is remunerated by the Group in the current year. The Director was remunerated £21,000 (2023 - £18,000) via a corporate entity and no pension, incentive scheme, share options or other costs are incurred in relation to their service.

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

	Group 2024 No.	Company 2024 No.	Group 2023 No.	Company 2023 No.
Head office	30	-	29	-
Site staff	107	-	97	-
Total	137	-	126	-

11 Finance costs

	2024	2023
	£'000	£'000
Bank interest	17,721	15,487
Lease interest (note 13)	2,127	1,352
Total	**19,848**	16,839

12 Taxation

	2024 £'000	2023 £'000
Corporation tax		
Increase in deferred tax liability	106	-
Prior year tax	-	261
Total	106	261

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

The deferred tax arising from temporary differences on the revaluation of investment property relates solely to the non-controlling interests share.

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

	2024	2023
	£'000	£'000
Profit/(loss) before tax	69,695	(38,220)
Profit/(loss) on ordinary activities multiplied by the standard corporation tax in the UK of 25%	17,424	(9,555)
Effects of:		
(Profit)/loss not taxable/allowable due to REIT status	(17,424)	9,555
Adjustment in relation to the prior year	-	261
Deferred tax arising from temporary differences on the revaluation of investment property	106	-
Total tax charge for the year	106	261

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

13 Lease liabilities

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

Amounts recognised in the statement of financial position

	2024	2023
	£'000	£'000
Current	1,599	1,527
Non-current	59,787	57,591
Total	61,386	59,118

(i) Amounts recognised in the statement of comprehensive income

	2024	2023
	£'000	£'000
Interest expense (included in note 11)	(2,127)	(1,352)

(ii) Future minimum lease payments are as follows:

	2024	2023
	£'000	£'000
Less than one year	1,602	1,528
One to five years	6,487	6,198
More than five years	577,966	562,096
Total	586,055	569,822
Lease interest	(524,669)	(510,704)
Lease liability	61,386	59,118

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

The total cash outflow for leases was £1,511,000 (2023 - £1,394,000).

14 Investment property

Group	2024 £'000	2023 £'000
Valuation		
At 1 October 2023 and 1 October 2022	1,079,720	1,105,411
Assets previously classified as held for sale	82,140	-
Additions	-	70,894
Capital expenditure	57,684	34,417
Revaluation	49,598	(48,862)
Assets held for sale (note 16)	(11,723)	(82,140)
At 30 September 2024 and 30 September 2024	1,257,419	1,079,720
Add back lease liability	61,386	59,422
Total investment property as at 30 September 2024 and 30 September 2023	1,318,805	1,139,142

Reconciliation to independent valuer		
Deduct lease liability	(61,386)	(59,422)
Add back lease incentive	3,612	-
Deduct fire safety commitment	(5,797)	-
Valuation per independent valuer	1,255,234	1,079,720

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

The assets held for sale balance represents the current year valuation of £12,220,000 less rent incentives of £497,000 in relation to the Circus Street office asset.

The Group and Company statement of cash flows shows cash paid to acquire the Group's investment properties. The capital expenditure balance in the table above of £57,684,000 differs from the capital expenditure shown in the cashflow statement due to capitalised finance costs of £4,600,000, movement in retentions, provisions and capital accounts payable of £3,980,000.

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

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

The fair value of the investment property was determined by an independent property valuer at £1,255,234,000 (2023 - £1,079,720,000). The valuer complies with the latest version of the RICS Valuation - Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book"). The valuer has recent experience in the location and category of the investment property being valued. The valuation is based on the difference between expected cash inflows and outflows, appropriately discounted.

As required by IFRS, some of these expected future cash outflows have already been recognised on the balance sheet in the form of lease liabilities. As a result, lease liabilities of £61,386,000 (2023 - £59,422,000) have been added back to arrive at a total carrying value of investment properties. The valuers include a deduction for cost to complete the fire safety cladding work of the Shoreditch and Mile End properties. A deduction for this cost has already been included within provisions and as such this is added back to the valuation.

14 Investment property (continued)

All of the investment properties have been categorised on a level 3 fair value based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Class	Fair value	Valuation technique	Key unobservable input	Range
Operational student property	1,037,518,000	Income capitalisation	Estimated rental value	£224 - £852 per bed per week
			Facilities management cost	£3,600 - £5,100 per bed p.a
			Initial yield	3.85% - 5.50%
Development student property – Hammersmith	152,025,000	Income capitalisation & residual valuation	Estimated rental value	£193 - £715
			Facilities management cost	£3,500 per bed p.a.
			Initial yield	4.15%
Development student property – Kingsway	79,600,000	Income capitalisation & residual valuation	Estimated rental value	£197 - £931
			Facilities management cost	£3,900 per bed p.a.
			Initial yield	3.90%

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

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

Facilities management cost
Facilities management cost comprises expenses incurred to operate the asset as student or living accommodation.

Estimated rental income less facilities management costs form the net operating income which is used within the sensitivity analysis in note 4a.

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

Based on the above, the fair value of the investment property at the year-end date was calculated as £1,257,419,000 (2023 - £1,079,720,000). During the year a fair value gain was recognised of £49,598,000 (2023 – loss of £48,862,000).

15 Investment in subsidiaries

Company

	Investment in subsidiary companies £'000
Cost	
At 30 September 2022 and 1 October 2022	862,189
Additions	66,818
At 30 September 2023	**929,007**
Additions	**65,036**
At 30 September 2024	**994,043**

Impairment	
At 30 September 2022 and 1 October 2022	191,097
Impairment loss in the year	86,758
At 30 September 2023	**277,855**
Impairment loss in the year	**5,330**
At 30 September 2024	**283,185**

Net book value	
At 30 September 2023	651,152
At 30 September 2024	**710,858**

During the year, the Company invested a further £65,036,000 into Talgarth UK Holdco Ltd.

Due to a downward revaluation of the underlying property, the Company has impaired its investment in Circus Street UK Propco Ltd. The recoverable amount of its investment is £80,188,000 based on its fair value less costs of disposal. The fair value is measured as level 3 under the fair value hierarchy. The fair value of the investments is considered to be equal to the net asset valuation of the underlying assets and is most sensitive to the valuation of the underlying investment properties. Further information on the basis for investment property valuation can be seen in note 14.

Impairments to investment in subsidiaries in the current year have resulted primarily from the reduction in the valuation of investment properties held, the primary driver of fair value in each subsidiary. Investment property valuation is measured using the fair value hierarchy; see note 14 of the Group financial statements for further details. The impairment charge is sensitive to the assumption used in the valuation of the investment property for the investment that had an indicator of impairment. See sensitivity analysis below.

	-3% change in net operating income £	+3% change in net operating income £	-0.5% change in yield £	+0.5% change in yield £
Increase/(decrease) in the impairment charges as at 30 September 2024	(2,110,000)	2,110,000	7,820,000	(6,400,000)

15 Investment in subsidiaries (continued)

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office address	Country of incorporation	Ownership % *	Nature of business
Circus Street UK Propco Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Rental of student accommodation
Guildford UK Propco Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Rental of student accommodation
Kingsway Jersey Holdco Limited	1 Waverley Place, Union Street, St Helier, Jersey, JE4 8SG	Jersey	100	Holding company
Scape Holdco 1 Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Holding company
Scape Operations Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Facilities support activities
Scape Topco 4 Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Holding company
Scape Topco 5 Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Holding company
Shoreditch Guernsey Holdco Ltd+	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Holding company
Talgarth UK Holdco Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	92.5	Holding company

* All shares held are ordinary shares.

Indirect subsidiary undertakings

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

Name	Registered office address	Country of incorporation	Ownership % *	Nature of business
Bloomsbury UK Propco Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Rental of student accommodation
Circus Street Property Management Company Limited	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Facilities support activities
Gemini Brunswick Ltd+	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Rental of student accommodation
Gemini Holdco 2 Ltd+	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Holding company
Gemini Holdco 3 Ltd+	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Holding company
Gemini Holdco Ltd+	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Holding company

15 Investment in subsidiaries (continued)

Name	Registered office address	Country of incorporation	Ownership % *	Nature of business
Gemini Jersey JV LP	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Holding company
Gemini Operations Ltd+	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Rental of student accommodation
Gemini QMUL Ltd+	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Rental of student accommodation
Gemini Student Living Limited+	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Holding company
Gemini Surrey 2 Ltd+	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kigdom	100	Rental of student accommodation
Gemini Topco Ltd+	4 Greengate, Cardale Park, Harrogate, North Yorkshire, United Kingdom HG3 1GY	United Kingdom	100	Holding company
Guildford 2 UK Opco Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Rental of student accommodation
Guildford 2 UK Propco Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Rental of student accommodation
Hammersmith UK Opco Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Rental of student accommodation
Hammersmith UK Propco Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Rental of student accommodation
Kingsway Jersey Propco Limited	1 Waverley Place, Union Street, St Helier, Jersey, JE4 8SG	Jersey	100	Rental of student accommodation
Mile End Guernsey Holdco Ltd+	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Holding company
Mile End Guernsey Opco Ltd	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Rental of student accommodation
Mile End Guernsey Propco Ltd	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Rental of student accommodation
Scape Holdco 4 Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Holding company
Scape Holdco 5 Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Holding company
Shoreditch Guernsey Opco Ltd	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Rental of student accommodation
Shoreditch Guernsey Propco Ltd	P.O. Box 146, Level 2 Park Place, Park Street, Guernsey, GY1 3HZ	Guernsey	100	Rental of student accommodation
Wembley UK Opco Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Rental of student accommodation
Wembley UK Propco Ltd	Central Square, 29 Wellington Street, Leeds, LS1 4DL	United Kingdom	100	Rental of student accommodation

* All shares held are ordinary shares.
+ In liquidation

16 Assets held for sale

During the prior year the Board made the decision to dispose of the Circus Street asset, which comprised an office building and a student building. Consequently, the carrying value of the property was reclassified from investment property to current assets. During the year ended 30 September 2024, the sale of the office is proceeding but the sale of the student building was halted and is no longer classified as held for sale. As at 30 September 2024, the carrying value of the office building held within assets held for sale is included at the market value of £12,220,000 less rent incentives of £497,000.

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

	Group 2024 £'000	**Company 2024 £'000**	Group 2023 £'000	Company 2023 £'000
Trade receivables	**1,886**	**-**	1,546	-
Prepayments and accrued income	**1,245**	**19**	1,087	23
Other receivables	**707**	**100**	431	90
License fee receivable	**-**	**-**	3,151	-
Lease incentive receivable	**4,109**	**-**	709	-
VAT recoverable	**139**	**-**	-	-
Swap interest receivable	**89**	**-**	-	-
Amounts owed by subsidiary undertakings (note 28)	**-**	**39,114**	-	167,366
Total	**8,175**	**39,233**	6,924	167,479

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

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

Other receivables comprises:

	Group 2024 £'000	**Company 2024 £'000**	Group 2023 £'000	Company 2023 £'000
Amounts held by the third party managing agent	**522**	**-**	-	-
Rent deposit	**-**	**-**	301	-
Other	**185**	**100**	130	90
Total	**707**	**100**	431	90

Amounts held by the third party managing agent are funds collected on behalf of the entity but temporarily held by the property manager until paid over to the Group on a quarterly basis.

18 Trade and other receivables: due greater than one year

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Other receivables	1,400	-	1,400	-

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

19 Cash and cash equivalents

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Cash at bank	60,635	31,841	31,230	100
Cash equivalents	1,500	1,500	-	-
Total	62,135	33,341	31,230	100

Included within cash at bank is £4,387,000 (2023: £6,187,000) which is restricted cash under banking arrangements.

Cash equivalents represents short term cash deposits accessible within 24 hours.

20 Trade and other payables: due less than one year

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Trade payables	2,672	865	9,879	2,495
Other payables	4,386	-	10,185	27
Retentions payable	1,468	1,104	1,974	1,104
Accruals	2,599	884	1,031	-
Deferred income	22,390	-	21,600	-
Amounts owed to subsidiaries	-	4,419	-	50,120
Total	33,515	7,272	44,669	53,746

Other payables comprises:	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Loan from minority interest partner	-	-	7,108	-
Interest payable	3,554	-	2,362	-
Other	832	-	715	27
Total	4,386	-	10,185	27

The short-term loan from the minority interest partner was a loan provided in order to fund their share of the Hammersmith development to date. During the year this loan was converted to share capital.

21 Provisions

Group

	£'000
Valuation	
At 1 October 2022	-
Additions	7,836
At 30 September 2023 and 1 October 2023	**7,836**
Payments	(3,638)
Additions	1,599
At 30 September 2024	**5,797**

The Group has assessed its buildings over 18m in height to determine whether they meet the legal requirements set out in the Building Safety Act (the "Act"). The fire risk assessments were completed in December 2023 and the Group has identified cladding on two of its buildings for which it believes it is not compliant with the Act. As a result of the new Act, the Group has a present obligation to rectify the cladding. The balance of £5,797,000 (2023 - £7,836,000) represents this cost.

22 Borrowings

	Group 2024	**Company 2024**	Group 2023	Company 2023
	£'000	**£'000**	£'000	£'000
Current borrowings				
Bank loans	188,169	-	1,571	-
Loans from shareholders	160,000	160,000	200,000	200,000
Total	**348,169**	**160,000**	201,571	200,000
Non-current borrowings				
Bank loans	276,493	-	354,331	-
Loan arrangement fees	(4,009)	-	(2,112)	-
Total	**272,484**	-	352,219	-
Total borrowings	**620,653**	**160,000**	553,790	200,000

Loans from shareholders

Loans from shareholders are unsecured, interest free per annum and repayable on demand. Under the newly extended loan agreement, repayment should be no later than 30 April 2026.

22 Borrowings (continued)

Bank loans

The Group has four bank loans:

- A £157,080,000 facility which is repayable in quarterly instalments and as at 30 September 2024, £154,331,000 remains outstanding, with a carrying value of £154,028,000. The loan is secured over the assets of Mile End Guernsey Propco Ltd, Guildford 2 UK Propco Ltd and Wembley UK Propco Ltd; the total valuation of these properties as at 30 September 2024 is £391,667,000 (2023: £371,865,000). The loan has a blended fixed interest rate of 5.3% (2023: 5.3%) which is now fixed until the end of the loan. The loan terminates on 27 March 2025, but subsequent to the year end, the Group extended the loan to 27 March 2026 with a margin of 1.85%

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

- A £200,000,000 facility with a carrying value of £198,904,000 as at 30 September 2024. This loan is secured over the assets of Bloomsbury UK Propco Ltd and Shoreditch Guernsey Propco Ltd; the total valuation of these properties as at 30 September 2024 is £547,709,000 (2023: £515,140,000). The loan has a blended fixed interest rate of 4.23%. The loan is repayable on 5 April 2029.

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

- A £105,000,000 facility, of which £75,331,000 as been drawn as at 30 September 2024, with a carrying value of £73,580,000. This loan is secured over the Hammersmith asset which had a valuation of £152,025,000 as at 30 September 2024. The loan has an interest rate of 3.2% + SONIA and is repayable on 31 January 2027. An interest rate swap has been entered into to hedge 80% of the interest payable on the loan. The hedge swaps the SONIA rate to a fixed rate of 4.09% and matures on 31 January 2027.

  Under the loan agreements, the financial covenants require the loan to property cost to be at least 100% and the loan to gross development value must not exceed 65%. There has been no breach of these covenants during the year.

- A £35,000,000 facility which has been drawn down in full and has a carrying value of £34,141,000 a at 30 September 2024. The loan is secured on the Kingsway property which had a valuation of £79,600,000 as at 30 September 2024. The loan has an interest rate of 3.35% + SONIA. It is repayable 28 September 2025. An interest rate swap has been entered into to hedge 100% of the interest payable on the loan. The hedge swaps the variable interest rate to a fixed rate of 7.63% and matures on 29 September 2025.

  Under the loan agreements, the financial covenants require the historical interest cover to be at least 100%, the loan to value to not exceed 55% and the net asset value of the guarantor (Scape Living PLC) to be at least £100m. There has been no breach of these covenants during the year.

23 Financial instruments

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Financial assets				
Financial assets that are debt instruments measured at amortised cost:				
Cash and cash equivalents	62,135	33,341	31,230	100
Trade receivables	1,886	-	1,546	-
Other receivables	707	100	431	90
Amounts owed by subsidiary undertakings	-	39,114	-	167,366
Total	64,728	72,555	33,207	167,556
Financial liabilities				
Financial liabilities measured at fair value through profit and loss	205	-	-	-
Financial liabilities measured at amortised cost:				
Trade payables	2,672	865	9,879	2,495
Provisions	5,797	-	7,836	-
Other payables	4,386	-	10,185	27
Retentions payable	1,468	1,104	1,974	1,104
Accruals	2,599	884	1,031	-
Borrowings	620,653	160,000	553,790	200,000
Amounts owned to subsidiary undertakings	-	4,419	-	50,120
	637,575	167,272	584,695	253,746
Total	637,780	167,272	584,695	253,746

The borrowing figures in the financial instruments note above differs from note 22 due to the addition interest.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

24 Reconciliation of financial liabilities arising from financing activities

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

	Borrowings £'000	Lease liabilities £'000	Total £'000
At 30 September 2022	554,160	54,901	609,061
Cash changes			
Loans repaid	(1,178)	-	(1,178)
Loan fees	(49)	-	(49)
Repayment of lease liabilities	-	(1,394)	(1,394)
Total	(1,227)	(1,394)	(2,621)
Non-cash changes			
Accrued interest	-	1,352	1,352
Adjustment in relation to rent review	-	4,260	4,260
Loan fees	176	-	176
Loan fee amortisation	681	-	681
Total	857	5,612	6,469
At 30 September 2023	553,790	59,119	612,909
Cash changes			
Loans acquired	104,628	-	104,628
Loans repaid	(41,571)	-	(41,571)
Loan fees	(713)	-	(713)
Repayment of lease liabilities	-	(1,511)	(1,511)
Total	62,344	(1,511)	60,833
Non-cash changes			
Accrued interest	-	1,706	1,706
Loans acquired	5,704	-	5,704
Adjustment in relation to rent review	-	2,072	2,072
Loan fees	(2,595)	-	(2,595)
Loan fee amortisation	1,410	-	1,410
Total	4,519	3,778	8,297
At 30 September 2024	620,653	61,386	682,039

25 Share capital

	Number of shares	£'000
At 30 September 2022 and 1 October 2022	10,565,076	10,565
Shares issued	38,974	39
At 30 September 2023 and 1 October 2023	**10,604,050**	**10,604**
Shares issued	539,508	540
At 30 September 2024	**11,143,558**	**11,144**

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

The Company's share capital comprises 11,143,558 ordinary shares of £1.00 each. There are no rights or restrictions over the Company's issued share capital.

26 Reserves

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

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

	Group			Company		
	Distributable	Non-distributable	Total	Distributable	Non-distributable	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 30 September 2022	50,355	58,122	108,477	83,413	(9,442)	73,971
Loss for the year	10,492	(48,761)	(38,269)	(34,409)	-	(34,409)
Dividends paid	(9,973)	-	(9,973)	(9,973)	-	(9,973)
At 30 September 2023	**50,874**	**9,361**	**60,235**	**39,031**	**(9,442)**	**29,589**
Profit for the year	**15,597**	**53,055**	**68,652**	**40,776**	**-**	**40,776**
Dividends paid	**(23,001)**	**-**	**(23,001)**	**(23,001)**	**-**	**(23,001)**
At 30 September 2024	**43,470**	**62,416**	**105,886**	**56,806**	**(9,442)**	**47,364**

Dividends totalling £23,000,017 (£63.1193 per ordinary share) were declared during the year to 30 September 2024 (2023 - £9,972,845). The two dividends were paid in scrip. The first dividend of £11,000,037 (£63.1193 per ordinary share) was declared 10 September 2024 and the shares issued on 17 September. The second dividend of £12,000,070 (£62.3186 per ordinary share) was declared on 26 September 2024 and the shares were issued on 30 September 2024.

Share premium account
The share premium account is the credited difference in price between the par value of the shares and the total price the Company received for the issued shares.

26 Reserves (continued)

Share premium account (continued)

On 24 October 2023 the Company issued 246,041 shares for consideration of £15,000,000. The share premium account was credited by £14,753,959.

On 17 September 2024 the Company issued 134,419 shares for a consideration of £8,800,030. The share premium was credited by £8,660,611.

On 30 September 2024 the Company issued 154,048 shares for a consideration of £9,600,056. The share premium was credited by £9,446,008.

27 Non-controlling interest

	£'000
At 30 September 2022 and 1 October 2022	4
Share of loss	(212)
At 30 September 2023 and 1 October 2023	**(208)**
Share of profit	**937**
Investment in Talgarth UK Holdco Ltd	**5,271**
At 30 September 2024	**6,000**

28 Related party transactions

Company

The shareholder APG, loaned the Company £200,000,000 to acquire the Gemini portfolio in the 2022. £40,000,000 of this balance was repaid on 26 August 2024. £160,000,000 remains outstanding at the year end date. The loan was due for repayment on 6 June 2025 but was partially repaid and the remaining balance extended to 30 April 2026.

During the year ended 30 September 2024, the Company incurred £2,641,000 (2023 - £2,710,000) of advisory fees from Scape UK Management Ltd, a company with key management personnel in common. At 30 September 2024, the balance owed to Scape UK Management Ltd was £102,000 (2023 - £829,000).

During the year, the Company transferred funds to and from Group undertakings in order to manage cashflows. During the year, the Company received £24,166,000 from and paid £13,977,000 to Group undertakings (2023 - borrowed £24,156,000 on a net basis) in the course of ordinary cashflows. During the year, £436,000 (2023 - £8,000,000) has been written off. The Company also loaned Group undertakings £22,944,000 (2023 - £82,030,000) in order to fund investment activity. These loans are short-term funding until external bank loans are secured or converted into share capital. During the year, £80,437,000 was repaid utilising bank loans secured on the underlying properties and £65,036,000 was converted into share capital. At 30 September 2024 there is a net receivable of £34,695,000 (2023 - £117,246,000) due from subsidiaries.

The Company also recorded dividends of £50,500,000 (2023 - £62,632,000) due from its subsidiaries and recorded interest expense receivable from subsidiaries of £104,000 (2023 - £1,882,000).

28 Related party transactions (continued)

Company (continued)

Two of the Group's assets were previously sold into the Group from an individual and companies which share key management personnel. The sale contracts contained a number of retentions and deferred consideration clauses payable by the Company. During the year, £Nil (2023 - a further £5,000) was recognised and £nil (2023 - £4,792,000) was repaid. At 30 September 2024 the balance owed to the companies and individual was £635,000 (2023 - £635,000).

Group

The majority controlling shareholder, APG, loaned the Group £200,000,000 to acquire the Gemini portfolio in the 2022. £40,000,000 of this balance was repaid on 26 August 2024. £160,000,000 remains outstanding at the year end date. The loan was due for repayment on 6 June 2025 but was partially repaid and the remaining balance extended to 30 April 2026.

The Group incurs come central costs that are split across its own group undertakings and a small number of companies external to the Group which are under common control or have key management personnel in common. During the year, recharges of £2,271,000 (£1,610,000) were billed to the related parties. At the 30 September 2024, the balance owed from these companies was £127,000 (2023 - £24,000).

During the year ended 30 September 2024, the Group incurred £5,920,000 (2023 - £5,691,000) of property management, performance and advisory fees from Scape UK Management Ltd, a company with key management personnel in common. At 30 September 2024, the balance owed to Scape UK Management Ltd in relation to these fees was £838,000 (2023 - £1,457,000).

During the year ended 30 September 2024, the Group incurred £677,000 (2023 - £454,000) of central costs invoiced from Scape UK Management Ltd, a company with key management personnel in common. At 30 September 2024, the balance owed to Scape UK Management Ltd in relation to these recharges was £186,000 (2023 - £63,000).

During the year ended 30 September 2024, the Group incurred £817,000 (2023 - £2,343,000) of development management fees from Scape Development Management Company Ltd, a company with key management personnel in common. These fees are capitalised within investment property. At 30 September 2024, the balance owed to Scape Development Management Ltd was £82,000 (2023 - £95,000).

Two of the Group's assets were previously sold into the Group from an individual and companies which share key management personnel. The sale contracts contained a number of retentions and deferred consideration clauses. During the year, £Nil (2023 - a further £5,000) was recognised and £Nil (2023 - £4,792,000) was repaid. At 30 September 2024 the balance owed to the companies and individual was £635,000 (2023 - £635,000).

One of the Group's subsidiaries, Talgarth UK Holdco Ltd, is owned in a minority stake by Paces Talgarth Ltd, an entity which shares key management personnel with the Group. During the year ended 30 September 2024, Talgarth UK Holdco Ltd repaid a net sum of £1,835,000 to Paces Talgarth Ltd (2023 - Talgarth UK Holdco Ltd borrowed £6,831,000). During the year, the remaining outstanding loan balance was converted into equity and at 30 September 2024, the balance owed to Paces Talgarth Ltd was £Nil (2023 - £7,108,000).

29 Immediate parent undertakings and ultimate controlling party

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

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

30 Lease income receivable

The Company has leased its investment property. The future lease payments are receivable as follows:

	2024	Restated 2023
	£'000	£'000
Less than one year	**38,452**	35,903
One to two years	**11,272**	8,299
Two to three years	**11,391**	4,368
Three to four years	**11,133**	4,152
Four to five years	**11,223**	3,727
More than five years	**43,402**	49,147
Total	**126,873**	105,596

Included within the above are leases contracted on property held for sale. The total lease income receivable in relation to these assets is £3,140,000 (2023 - £69,494,000).

The disclosure was omitted in the prior year when it should have been included under the requirements of IFRS16.97. This comparative information is therefore being presented for the first time in the current year financial statements. There is no impact on the primary statements.

31 Guarantees

On 17 June 2022 Scape UK Management Limited, property manager and property adviser to Scape Living Plc, signed a lease to rent the third floor, 1 Newman Street, London, for a period of 10 years. Scape Living Plc provided a parent company guarantee to the landlord, Pontsarn Investments Limited. The current rent is £1.3m per annum.

Under the development funding agreement at Hammersmith, the Company has guaranteed the contractual sum of £173m (2023 - £173). As at 30 September 2024, the remaining contractual sum is £38.9m (2023 - £82.7m). The Company also provides a guarantee to Natwest Bank Plc to provide its indirect subsidiary, Hammersmith UK Propco Ltd, with sufficient funding to cover its share of any remaining payments required under the development funding agreement. As of 30 September 2024, this is £22m.

Under the headlease at Kingsway, the Company has guaranteed the head rent payment of £700k per annum and inflationary rises under rent reviews. The Company also guarantees 25% of the loan principal secured on the Kingsway property. More details of the loan can be found in note 22.

The Company provides a guarantee to Investec Bank Plc on behalf of the related party, Blackhorse UK Propco Ltd to guarantee any debt service shortfall and any cost overruns.

32 Commitments

Under a forward funding agreement for the development of the Hammersmith asset, the Group has committed £173m (2023 - £173m) towards the construction cost. At 30 September 2024, the remaining commitment is £38.9m (2023 - £82.7m). Payments towards the forward funding agreement are paid monthly in accordance with the level of work completed. The development is due to complete in spring 2025.

33 Post balance sheet events

On 28 November 2024, the £160m shareholder loan was extended to 30 April 2026 and £35.6m was repaid on 13 December 2024.

On 20 February 2025, the bank loan facility with Aareal was extended to 27 March 2026.

On 28 November 2024, the Company issued 156,894 £1 ordinary shares for a total subscription of £9,938,591.63.

On 30 January 2025, the Company issued 61,524 £1 ordinary shares for a total subscription price of £4,564,656.28.