Registered Company Number: 8776872

Gemini RHUL Limited

Directors' Report and Financial Statements

For the year ended 30 September 2023

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Contents

The Directors present their report and the audited financial statements for Gemini RHUL Limited ("the Company") for the year ended 1 October 2022 to 30 September 2023. The prior period was an extended period from 1 July 2021 to 30 September 2022. The Directors' Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Company has taken an exemption from the requirement to prepare a strategic report under section 414B

Principal activities
The Company is incorporated in the United Kingdom. Its principal activity is to invest in student accommodation and hold it for capital appreciation and to earn rental income. The Company and its other affiliated companies are subsidiaries of IQSA Holdco Limited ("the Group"), incorporated and registered in Jersey and listed on The International Stock Exchange in Guernsey.

Future Developments
The Directors expect that the Company will continue to operate in its current capacity for the foreseeable future.

Results and dividends
The loss before taxation for the year was £5,072k (period ended 30 September 2022 (profit: £11,560k), the full results for the year are set out on page 10.

The Directors do not recommend the payment of a dividend in the current year (period ended 30 September 2022: £16,399k).

Directorships
The Directors of the Company who were in office during the period and up to the date of signing the financial statements were:

Gemma Nandita Kataky (resigned on 24 February 2023)
James Neil Mortimer
Michael David Vrana
Matthew Scott Loughlin
Dushyant Singh Sangar
Rachana Gautam Vashi (appointed on 24 February 2023)

Financial risk management

Credit risk

Credit risk occurs when a counterparty to a financial instrument fails to discharge an obligation to the Company. It may occur through receivables, or cash and cash equivalents held at banks. The Company's receivables relate principally to amounts due from other affiliated companies and students. Management monitors the ability of these debtors to meet their obligations on an ongoing basis. Expected credit loss has been calculated as outlined in Note 2.2.1.

Interest rate risk

The Company finances its operations with cash generated by operations, short term intercompany advances that are interest free and external bank debt which is exposed to variable interest rates. The Company mitigates this risk through setting the interest rates of shareholder intercompany IBL loans ("IBLs") to be equal to the current external bank interest rate plus an agreed margin and through hedging variable interest rates on external borrowings.

Liquidity and cash flow risk

The Company finances its operations with cash generated by operations, bank loans and intercompany advances. Management mitigates this risk through monitoring cash flow forecasts.

The Company's immediate parent, Capella UK Holdco 4 Limited, entered into a debt facility on 16 July 2021. By way of a debt novation agreement executed 22 December 2021, the Company, along with its affiliated entities (the "Gemini portfolio"), acts as a guarantor and obligor of the drawn facility and is jointly and severally liable to settle any outstanding principal or accrued interest due in the event of default.

Directors' indemnities and insurance

The Company has agreed to indemnify each director and other officer throughout the period and at the date of approval of the financial statements against liabilities incurred in relation to acts of omissions arising in the ordinary course of their duties. The indemnity applies only to the extent permitted by law. The Company 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 approving the directors' report. This indemnity is subject to the conditions set out in the Companies Act 2006.

Political donations

The Company has not made any political donations during the year (period ended 30 September 2022: £nil).

Independent auditor

The Directors note that Ernst & Young LLP were duly appointed as auditor of the Company (the Auditor) for the financial year ended 30 September 2023. It is hereby resolved that the Auditor be deemed re-appointed in accordance with Section 487 of the Companies Act 2006.

Registered office
The registered office of the Company is 7th Floor Cottons Centre, Cottons Lane, London, SE1 2QG, United Kingdom.

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", Companies Act 2006 and applicable UK 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 company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations as to disclosure of information to the auditor
In the case of each Director in office at the date the Directors' Report is approved:
- to the best of each director's knowledge and belief, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern
The Directors consider it reasonable to adopt the going concern basis in preparing the financial statements for the year ended 30 September 2023. The Company has received a letter of support and confirmation from IQSA Holdco Limited ("the Group") that, should it be necessary, the Group will support the Company for the going concern period to 30 June 2025 (the "Relevant Period").

Going Concern (continued)

The Company is expected to continue as a going concern for the Relevant Period, with no material commitments or undisclosed off-balance arrangements that would impact its ability to meet its liabilities as they fall due, in addition to its documented letter of support from IQSA Holdco Limited. In assessing the ability of the Group to provide this support, the Group's Directors have prepared two cash flow scenarios, a "base case" and a "severe but plausible downside scenario" for the Relevant Period.

Under the base case, the Group remains in a positive cash position for the existing operating business throughout the Relevant Period. Under the severe but plausible downside scenario, there is sufficient free cash headroom, and it is the Group Directors' expectation that the Group will remain in compliance with its covenants of its individual financing arrangements.

Both scenarios assume that the Group's shareholders will provide additional support to fund specific committed development cash requirements and premiums to enter certain interest rate hedges required to extend the Group's existing debt facilities. A capped letter of support for £271.3m from the Group's shareholders has been provided to the Group in relation to these cash requirements. In addition, the Group's shareholders have confirmed that any repayment terms related to current or future shareholder loans between the Group (as borrower) and the shareholders (as lenders), will be extended for a further period or periods such that they do not require repayment within the Relevant Period.

The Relevant Period considered by the Group Directors has been extended to 30 June 2025, beyond the minimum 12-month time horizon. Both cash flow scenarios assume that the Group's Balance Sheet facility is refinanced before May 2025, when the final extension period expires. The Group Directors therefore concluded it appropriate to consider the status of refinancing these facilities in their assessment and extended the Relevant Period to include this significant event.

The Group successfully refinanced the CMBS debt facility of £540.2m on 15 February 2024.

In addition, the Group has started to engage with lenders regarding the refinancing of the Balance Sheet debt facility of £2,359.3m, but as at the date of approval of these financial statements, discussions remain at an early stage. However, based on the proven ability of the Group and its shareholders to successfully arrange large debt facilities (most recently shown through the refinance of the CMBS facility in February 2024), combined with strong relationships with lenders, expected loan to value ratios / forecast performance of the assets and current market sentiment in favour of lending against PBSA assets, the Directors are confident the Group will be able to refinance ahead of the facility maturity date.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the Relevant Period, being the period to 30 June 2025. However, in reaching this conclusion, the Directors note that the process of refinancing the Balance Sheet debt facility is only at an early stage and until a refinancing is completed the specific circumstances of this facility results in the existence of a material uncertainty which may cast significant doubt over the Group's, and therefore the Company's, ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Subsequent events

The Company discloses the following events after the balance sheet date:

Multiple Dwellings Relief
On 6 March 2024, the UK government Spring Budget announced the abolition of Multiple Dwellings Relief ("MDR") on the acquisition of residential property in England and Northern Ireland, effective 1 June 2024. The availability of MDR on a future hypothetical sale may impact the valuation of investment property held by the Company as at 30 September 2023. The Group is assessing the impact of this change across its asset portfolio, alongside its external valuers, and, as at the date of approval of these financial statements, an estimate of its financial effect cannot be made.

On behalf of the Board

DocuSigned by:

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James Neil Mortimer
Director

27 March 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEMINI RHUL LIMITED

Opinion

We have audited the financial statements of Gemini RHUL Limited (the 'company') for the year ended 30 September 2023 which comprise the Statement of Profit and Loss, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material uncertainty relating to going concern

We draw attention to Note 2.1.2 to the financial statements, which describe the uncertainty relating to IQSA Holdco Limited, the intermediate parent undertaking, who has provided a letter of support to the company, being able to successfully refinance its Balance Sheet debt facility of £2,359.3m due in May 2025. As stated in Note 2.1.2, these events or conditions, along with other matters as set forth in note 2.1.2, indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirements to prepare a strategic report.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are that relate to the reporting framework, namely FRS 101 and Companies Act 2006, and the relevant tax regulations in the United Kingdom, including the UK REIT regulations.

- We understood how the Company is complying with those frameworks by making enquiries of management and those charged with governance. We then assessed the culture of honesty and ethical behaviour in the Company, and the processes in place to reward such behaviour and reprimand behaviour not in keeping with these values. We corroborated our inquiries through inspection of the iQ group policies, board minutes and through inspection of whistleblowing reports made to the Company's ethics hotline during the year.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by understanding how management is incentivised and where there may be opportunities to perpetrate fraud, for example, through manipulation of fair value estimates.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved identifying any instances of management override of controls through inquiry with those charged with governance and employees in the business and through testing of journal entries exhibiting higher risk criteria and inspecting the documentation supporting those journal entries to challenge whether the transaction was genuine. We also made formal inquiries of the Company's in house legal counsel and inspected minutes of meetings to identify non-compliance.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with 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.

DocuSigned by:

Ernst & Young LLP

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Claire Johnson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

27 March 2024

Gemini RHUL Limited **Registered Company Number: 8776872**
Statement of Profit and Loss
For the year ended 30 September 2023

	Notes	Year ended 30-Sep-23 £'000	Period ended 30-Sep-22 £'000
Revenue	3	2,175	1,561
Cost of sales		(628)	(831)
Gross profit		**1,547**	**730**
Administrative expenses		(275)	(510)
Operating profit	4	**1,272**	**220**
Net (deficit)/surplus on revaluation of investment properties	9	(4,337)	12,656
(Loss)/profit for the year/period before interest and taxation		**(3,065)**	**12,876**
Interest receivable and similar income	6	4	-
Interest payable and similar charges	7	(2,011)	(1,316)
(Loss)/profit before taxation		**(5,072)**	**11,560**
Income tax expense	8	(2)	(1)
(Loss)/profit for the year/period		**(5,074)**	**11,559**

All of the results stated above relate to continuing operations. Aside from the above, the Company has no other items of comprehensive income or loss. Consequently, no separate statement of comprehensive income is presented.

The notes on pages 13 to 25 form an integral part of these financial statements.

Gemini RHUL Limited **Registered Company Number: 8776872**
Statement of Financial Position
For the year ended 30 September 2023

	Notes	As at 30-Sep-23 £'000	As at 30-Sep-22 £'000
Fixed assets			
Investment properties	9	44,719	48,091
Current assets			
Trade and other receivables	10	862	784
Cash and cash equivalents	11	415	169
Total current assets		**1,277**	**953**
Total assets		**45,996**	**49,044**
Creditors - amounts falling due within one year	12	(3,917)	(1,936)
Net current liabilities		**(2,640)**	**(983)**
Total assets less current liabilities		**42,079**	**47,108**
Creditors - amounts falling due after one year	13	(31,276)	(31,231)
Net assets		**10,803**	**15,877**
Equity			
Called up share capital	14	-	-
Retained earnings	14	10,803	15,877
Total equity		**10,803**	**15,877**

The financial statements on pages 10 to 12 and the accompanying notes on pages 13 to 25 were approved by the board of directors and authorised for issue on 27 March 2024 and are signed on its behalf by:

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James Neil Mortimer
Director

Gemini RHUL Limited **Registered Company Number: 8776872**

Statement of Changes in Equity

For the year ended 30 September 2023

	Called up share capital	Share Premium	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
Balance at 1 July 2021	-	16,325	4,392	20,717
Year ended 30 September 2022				
Profit for the period	-	-	11,559	11,559
Reduction of capital (Note 14)		(16,325)	16,325	-
Dividend Distribution	-	-	(16,399)	(16,399)
Balance at 30 September 2022	**-**	**-**	**15,877**	**15,877**
Period ended 30 September 2023				
Loss for the year	-	-	(5,074)	(5,074)
Balance at 30 September 2023	**-**	**-**	**10,803**	**10,803**

The notes on pages 13 to 25 form an integral part of these financial statements.

1. General information

The Company is a private company, limited by shares, incorporated in the United Kingdom. Its principal activities are described in the Directors' Report. The prior period was an extended period from 1 July 2021 to 30 Septemeber 2022. The current financial year started on 1 October 2022 and ends on 30 September 2023. The Company is an indirect wholly owned subsidiary of IQSA Holdco Limited, incorporated and registered in Jersey.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Amounts are presented in pounds sterling, which is also the functional currency of the Company, rounded to the nearest one thousand pounds sterling, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. 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 2.1.1.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 September 2023.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  10(d) (statements of cash flows)
  111 (cash flow statement information), and
  134-136 (capital management disclosures).

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The following paragraphs of IFRS 16 , 'Leases':
  52 (disclosing the leases for which the Company is a lessee),
  89 (second sentence),
  90 and 91 (finance and operating lease disclosure in tabular format),
  93 (significant changes in carrying amount of net investment in finance leases), and
  97 (disclosing the maturity analysis of lease payments for leases in which the Company is a lessor).
- Paragraphs 91 to 99 of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

- The requirements in IAS 24, 'Related party disclosures':
  to disclose related party transactions between two or more wholly owned members of a group; paragraph 17 (key management compensation); and paragraph 18A related to key management service provided by a separate management entity.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, relevant disclosures are given in the Group financial statements of IQSA Holdco Limited. Copies of the consolidated financial statements are publicly available, as outlined in Note 16.

2.1.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. These estimates and assumptions are subject to uncertainty as they are based on the outcome of future events. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

- Investment property

The investment property portfolio is valued by independent third-party valuers. CBRE Limited ("CBRE") value the properties owned by the Company.

Valuations are inherently subjective due to, among other factors, the individual nature of each property, its location, and the expected future rental income. As a result, the valuation the Company places on its property portfolio require estimates to be made, including, but not limited to, rental income, net initial yield ("NIY"), occupancy rates, rental growth, operating costs and capital deductions including those relating to the Group's Building Improvement Programme ("BIP"). These estimates are based on assumptions made by the valuers and are in accordance with the RICS Valuation - Global Standards.

Given the inherent subjectivity, the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the PBSA market. This may mean that the value of the Company's properties differs from their valuation reported in the financial statements, which could have a material effect on the Company's financial position. Further information on the approach taken by the valuers in valuing the portfolio are set out in Note 9 to the financial statements.

2. Significant accounting policies (continued)

2.1.1 Critical accounting estimates and assumptions (continued)

Since 2017, the UK government has undertaken a wholesale review of building safety and fire regulations in the UK, with the introduction of the Fire Safety Act 2021, the Building Safety Act and PAS9980.

Whilst the Group has worked closely with fire risk assessors, its Primary Authority, Greater Manchester Fire & Rescue Services and local Fire & Rescue Services to ensure that all its properties remain safe to occupy, should any of the Company's properties in due course be considered to be unsafe, it would materially affect the investment property valuations.

The Group has established the BIP staffed by a dedicated team and experts to review the condition of the entire portfolio on an annual basis and oversee remediation projects as appropriate. The BIP commenced in 2019 and given the nature of the works involved, and the complexity of estimating the remedial works required and associated future costs to complete, this is considered a critical accounting judgement as forecast costs are included as a deduction in the Investment Property valuation.

- Expected credit loss

The significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year is the provision for expected credit loss of trade receivables in line with IFRS 9 outlined in Note 2.2.1.

2.1.2 Going concern

The Directors consider it reasonable to adopt the going concern basis in preparing the financial statements for the year ended 30 September 2023. The Company has received a letter of support and confirmation from IQSA Holdco Limited ("the Group") that, should it be necessary, the Group will support the Company for the going concern period to 30 June 2025 (the "Relevant Period").

The Company is expected to continue as a going concern for the Relevant Period, with no material commitments or undisclosed off-balance arrangements that would impact its ability to meet its liabilities as they fall due, in addition to its documented letter of support from IQSA Holdco Limited. In assessing the ability of the Group to provide this support, the Group's Directors have prepared two cash flow scenarios, a "base case" and a "severe but plausible downside scenario" for the Relevant Period.

Under the base case, the Group remains in a positive cash position for the existing operating business throughout the Relevant Period. Under the severe but plausible downside scenario, there is sufficient free cash headroom, and it is the Group Directors' expectation that the Group will remain in compliance with its covenants of its individual financing arrangements.

Both scenarios assume that the Group's shareholders will provide additional support to fund specific committed development cash requirements and premiums to enter certain interest rate hedges required to extend the Group's existing debt facilities. A capped letter of support for £271.3m from the Group's shareholders has been provided to the Group in relation to these cash requirements. In addition, the Group's shareholders have confirmed that any repayment terms related to current or future shareholder loans between the Group (as borrower) and the shareholders (as lenders), will be extended for a further period or periods such that they do not require repayment within the Relevant Period.

2. Significant accounting policies (continued)

2.1.2 Going concern (continued)

The Relevant Period considered by the Group Directors has been extended to 30 June 2025, beyond the minimum 12-month time horizon. Both cash flow scenarios assume that the Group's Balance Sheet facility is refinanced before May 2025, when the final extension period expires. The Group Directors therefore concluded it appropriate to consider the status of refinancing these facilities in their assessment and extended the Relevant Period to include this significant event.

The Group successfully refinanced the CMBS debt facility of £540.2m on 15 February 2024.

In addition, the Group has started to engage with lenders regarding the refinancing of the Balance Sheet debt facility of £2,359.3m, but as at the date of approval of these financial statements, discussions remain at an early stage. However, based on the proven ability of the Group and its shareholders to successfully arrange large debt facilities (most recently shown through the refinance of the CMBS facility in February 2024), combined with strong relationships with lenders, expected loan to value ratios / forecast performance of the assets and current market sentiment in favour of lending against PBSA assets, the Directors are confident the Group will be able to refinance ahead of the facility maturity date.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the Relevant Period, being the period to 30 June 2025. However, in reaching this conclusion, the Directors note that the process of refinancing the Balance Sheet debt facility is only at an early stage and until a refinancing is completed the specific circumstances of this facility results in the existence of a material uncertainty which may cast significant doubt over the Group's, and therefore the Company's, ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

2.1.3 New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 September 2023, have had a material impact on the Company.

2.2.1 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less a provision for expected credit loss. A provision for expected credit loss of trade receivables is established based on an expected credit loss model applying the simplified approach, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

2.2.2 Amounts due from group undertakings

Amounts due from group undertakings are initially recognised at fair value. They are subsequently recorded at amortised cost less expected credit losses. The Company assesses on a forward-looking basis, the expected credit losses associated with its amounts due from group undertakings.

2. Significant accounting policies (continued)

2.3 Cash and cash equivalents

Cash and cash equivalents includes cash in hand balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or fewer. Although the Company does not utilise any bank overdrafts, were an overdrawn position to be shown at the end of reporting period it would be disclosed within borrowings in current liabilities.

2.4 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.5.1 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are initially recorded at fair value and subsequently at amortised cost.

2.5.2 Amounts owed to group undertakings

Amounts owed to group undertakings are initially recorded at fair value and subsequently recorded at amortised cost.

2.6 Investment properties

Investment properties, including properties under development, are initially recognised at cost, being the fair value of consideration given, including associated transaction costs. Any subsequent qualifying capital expenditure incurred in improving investment properties is capitalised in the period in which the expenditure is incurred and included in the book cost of the properties. This includes attributable interest and other associated outgoings for investment properties where development is taking place.

After initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date, with unrealised gains and losses recognised in the statement of Profit and Loss. The Company's policy is to engage qualified Chartered Surveyors to perform the annual valuation of the Company's investment property at the balance sheet date, details of the valuation technique used are outlined in Note 9.

An investment property shall be derecognised on disposal or at a time where they have been withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss is determined as the difference between the net disposal proceeds and the carrying amount and is recognised in the Statement of Profit and Loss.

Where the investment properties are held under a peppercorn lease agreement, the right of use on initial premium paid is recognised initially at cost and subsequently measured at fair value in accordance with the requirement of IAS 40 Investment Property. There are no unpaid lease liabilities under the peppercorn agreement which is why no lease liability has been recognised.

2. Significant accounting policies (continued)

2.7 Income Tax

The tax expense for the period comprises current and deferred income taxes. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in retained earnings. In this case, the tax is also recognised in other comprehensive income or directly in retained earnings respectively.

Current income tax is the expected tax payable on the taxable profit for the year, together with any adjustment to the tax payable in relation to previous periods. Taxable profit differs from the profit before tax, as reported in the Statement of Profit and Loss, because it excludes items of income or expense taxable or deductible in other accounting periods, as well as items that will never be taxable or deductible. The current tax charge is calculated using tax rates that are enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax law is subject to interpretation, and establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases and is accounted for using the balance sheet liability method. Deferred income tax liabilities are provided in full, and deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

2.8 Revenue recognition

Revenue includes rental income from property leased out under operating leases (comprising direct lets to students) and other ancillary income from properties. Rental income from short term tenants is recognised on a straight-line basis over the lease term. When the Company 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. The Company recognises other ancillary income when the relevant performance obligation has been met.

2.9 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right use the asset or assets, even if that right is not explicitly specified in the arrangement.

The Company is a lessor in operating leases with students to provide accommodation. The leases with students are all short term in nature and do not transfer substantially all the risks and rewards of ownership of an asset. Contingent rents, being lease payments received on turnover rents, are variable consideration and are recognised as revenue in the reporting period in which they are earned.

2. Significant accounting policies (continued)

2.10 Bank loans and borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost using effective interest method.

Interest expense

Interest on external borrowings is accrued monthly and expensed to the statement of profit and loss. Interest rate is based on a capped SONIA rate. Interest payments to the lenders are made quarterly at the interest payment date. Commitment fees on any undrawn part of the debt facility are also accrued monthly and expensed to the statement of profit and loss.

3 Revenue

100% of the revenue earned by the Company is through assets held in the United Kingdom.

Analysis of revenue by category	Year ended 30-Sep-23 £'000	Period ended 30-Sep-22 £'000
Rental income	2,152	1,555
Other ancillary income	23	6
	2,175	1,561

Income is primarily derived through academic year contracted rental agreements with students.

The future minimum undiscounted lease payments collectable under non-cancellable operating leases was £2,552,000 at the year end (period ended 30 September 2022: £853,000).

4 Operating profit

	Year ended 30-Sep-23 £'000	Period ended 30-Sep-22 £'000
Operating profit is stated after charging:		
Wages and salaries	102	116
Social security costs	9	5
Other pension costs	2	1
Staff Costs	113	122
Expected credit loss of trade receivables	38	15
Auditor's remuneration (Audit services only)	7	5

4 Operating profit before taxation (continued)

Cost of sales arose solely on leased investment properties which generated rental income. These costs comprise of insurance, marketing, site staff, general maintenance and expected credit losses on receivables. These expenses totalled £630,000 (period ended 30 September 2022: £831,000).

5 Employees and Directors

No staff members were directly employed by the company during the year (period ended 30 September 2022: no staff). The staff costs were £113,000 (period ended 30 September 2022: £122,000) as outlined in Note 4 and are recharged to the Company by a member of the Group.

Directors are paid by other companies in the Group and recharged accordingly across the Group. There were no emoluments recharged to or paid directly from the Company in the year (period ended 30 September 2022: no emoluments). No directors received remuneration in the year for qualifying services to the Company, including that paid by other companies in the Group on behalf of the Company (period ended 30 September 2022: £nil).

6 Interest receivable and similar income

	Year ended 30-Sep-23 £'000	Period ended 30-Sep-22 £'000
Bank interest receivable	4	-
	4	-

7 Interest payable and similar charges

	Year ended 30-Sep-23 £'000	Period ended 30-Sep-22 £'000
Interest payable on loan with group undertakings	886	227
Loan arrangement costs	10	565
Amortisation of loan costs	45	35
Interest payable on bank loans	1,070	489
	2,011	1,316

8 Income tax expense

	Year ended 30-Sep-23	Period ended 30-Sep-22
	£'000	£'000
(a) Tax expense included in profit and loss		
Current tax:		
Current tax on the (loss)/profit for the year/period	3	1
Adjustments to current tax in respect of prior periods	(1)	-
Total current tax expense	2	1
(b) Total tax reconciliation		
(Loss)/profit before taxation	(5,072)	11,560
Tax at the main rate of UK corporation tax of 22% (period ended 30 September 2022: 19%)	(1,116)	2,197
Effects of:		
Expenses not deductible under the REIT regime	165	-
Non-deductible expenses	-	209
Prior year adjustment to current tax	(1)	-
Unrealised loss/(gain) on Revaluation of Investment property	954	(2,405)
Total tax expense included in profit and loss	2	1

As the Group, of which the Company is a part, is a UK Real Estate Investment Trust ("REIT"), the profits and gains of its property rental business are not subject to UK corporation tax so long as the REIT conditions are met. Profits and gains outside of the property rental business are subject to UK corporation tax of 25% for profits arising from 1 April 2023 (2022: 19%). The weighted average tax rate for 2023 was 22% (2022: 19%).

9 Investment properties

	Investment Properties £'000
Net book value at 1 July 2021	35,340
Capital expenditure	95
Gain on revaluation	12,656
Net book value at 30 September 2022	48,091
Net book value at 30 September 2022	48,091
Capital expenditure	965
Loss on revaluation	(4,337)
Net book value at 30 September 2023	44,719

9 Investment properties (continued)

The valuation technique for student accommodation investment properties is inherently subjective as it involves significant assumptions (such as estimated rental value and yield profile applied) and judgements which could result in a material misstatement of the statement of financial performance and statement of financial position. Due to the size of the investment property in the Company's statement of financial position, a small movement in the underlying core assumptions may have a significant impact on the value of the property and therefore the performance of the Company.

The valuation technique for student accommodation investment properties is based on the direct capitalisation approach, to calculate a fair value for each operational asset. Where a property has nomination agreements, the assumption is that the property will achieve market rent at the end of its nomination agreement, a yield adjustment is also made where required due to the length of the agreement. There has been a one-off capital deduction for forecast BIP works in the net investment property valuation. The assumptions used to determine total estimated costs is a significant judgement. Specialists have been engaged to assist with this assessment.

There is a one-off capital deduction for forecast BIP costs included in the valuation as at 30 September 2023, and in the prior period. For every £1 increase in either capital deduction, there would be an equal and opposite reduction in the valuation. The Group's BIP programme has been active since it commenced in 2019, initially with the remediation of the highest priority aluminium composite material "ACM" and high-pressure laminate "HPL" cladding. Work is complete on all existing ACM projects; two final HPL Projects for existing iQ sites are on site and expected to complete Q2 FY23/24. Remediation of HPL on one of the Group's sites expected to commence in FY25.

CBRE takes into account property-specific information such as current tenancy agreements, rents achieved and market rents, operating costs and capital expenditure. Significant estimates made by the valuer include, but are not limited to, expected rental growth, occupancy rates, expected operating cost, yield and discount rates. This valuation methodology is market standard and accords with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards. A discounted cash flow ("DCF") has been undertaken as a second approach to cross check the direct capitalisation approach and to sense check the internal rate of return ("IRR") with the following key inputs: net operating income ("NOI") (total revenue from the property less operating costs directly related to the property), future rental growth, expected occupancy rates, tenancy length, and net initial and exit yield. Key considerations in the rental growth, applied include current rental and occupancy rate. Where the factors indicate a different level of likely rental growth for a particular asset, the cash flow is adjusted accordingly. For all investment properties the valuation assumes the highest and best use.

The historical cost of the investment properties is £32,421,000 (2022: £31,455,702). The difference between the historical cost and the fair value is due to revaluation gains of £12,298,000 (2022: £15,644,000).

10 Trade and other receivables

	30-Sep-23	30-Sep-22
	£'000	£'000
Trade receivables	371	180
Amounts owed by group undertakings	477	595
Other receivables	6	9
Prepayments	8	-
	862	784

Trade receivables are stated after expected credit losses of £105k (2022:£80k).

11 Cash and cash equivalents

	30-Sep-23	30-Sep-22
	£'000	£'000
Cash at bank and in hand	415	169
	415	169

12 Creditors - amounts falling due within one year

	30-Sep-23	30-Sep-22
	£'000	£'000
Amounts owed to group undertakings	1,151	740
Trade payables	45	26
Taxation and social security	1	2
Deferred income	1,233	804
Accruals	591	352
Interest payable on loan with group undertakings	893	7
Other Creditors	3	5
	3,917	1,936

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable upon demand.

13 Creditors - amounts falling due after one year

	30-Sep-23	30-Sep-22
	£'000	£'000
Amounts owed to group undertakings	16,247	16,202
Bank loans	15,029	15,029
	31,276	31,231

13 Creditors - amounts falling due after one year (continued)

The Company received funding from Capella UK Holdco 4 Limited under an Interest-Bearing Loan ("IBL"). The principal for the IBL was for £16,398,902 and the maturity of the loan is 15 February 2027. The loan bears interest at a capped SONIA rate, plus a lender's margin of 325bps and an additional internal margin of 15bps (2022: loan bears interest at SONIA, plus a lender's margin of 325bps and additional internal margin of 15bps). At 30 September 2023 the principal amount of the IBL is £16,398,902 less loan fees of £151,876 (2022: £16,398,902 less loan fees of £196,800) and is classified as a non-current liability with the principal due on maturity. The loan fees are amortised over the life of the loan.

The Company's immediate parent, Capella UK Holdco 4 Limited, entered into an initial Facilities Agreement ("Gemini Facility") on 16 July 2021 of £346,065,430. The term loan balance was fully drawn down on 22 December 2021 and a portion of the debt novated to each Gemini portfolio entity as a proportion of its existing intercompany balances. As at 30 September 2023, the outstanding principal balance held by the Company is £15,029,098 (2022: £15,029,098).

14 Equity

	30-Sep-23	30-Sep-22
Authorised, issued and fully paid:	£'000	£'000
2,832,414 (2022: 2,832,414) ordinary shares of £0.00001 each	-	-
(2022: £0.00001)	-	-

Retained earnings include all current and prior period retained profits and accumulated losses.

During the prior period there was a reduction of capital of £16,325,000 which decreased share premium and a dividend distribution of £16,399,000 (£5.79 per share).

15 Contingent liabilities and capital commitments

On 16 July 2021 the Group entered into a debt facility, totalling £346.1m. The Company, along with other entities in the Group, acts as a guarantor and obligor and could be liable to settle some or all of the drawn facility in the event of default. The Directors have assessed the fair value of the loan guarantee under IFRS 9 and concluded that it is not significant.

At the year ended 30 September 2023 the principal balance of the facility was £349.0m.

The Company is included in a group VAT registration for VAT purposes and is therefore jointly and severally liable for its, and all other group companies VAT liability.

16 Ultimate controlling party

At 30 September 2023, the immediate parent of the Company was Capella UK Holdco 4 Limited.

IQSA Holdco Limited, having its registered office at 22 Grenville Street, St. Helier, JE4 8PX, Jersey, is the parent company into which the Company's financial statements are consolidated. Copies of the consolidated financial statements are available from The International Stock Exchange in Guernsey.

The ultimate shareholders of the Group are investment funds advised by affiliates of The Blackstone Group Inc.

17 Subsequent events

The Company discloses the following events after the balance sheet date:

Multiple Dwellings Relief

On 6 March 2024, the UK government Spring Budget announced the abolition of Multiple Dwellings Relief ("MDR") on the acquisition of residential property in England and Northern Ireland, effective 1 June 2024. The availability of MDR on a future hypothetical sale may impact the valuation of investment property held by the Company as at 30 September 2023. The Group is assessing the impact of this change across its asset portfolio, alongside its external valuers, and, as at the date of approval of these financial statements, an estimate of its financial effect cannot be made.