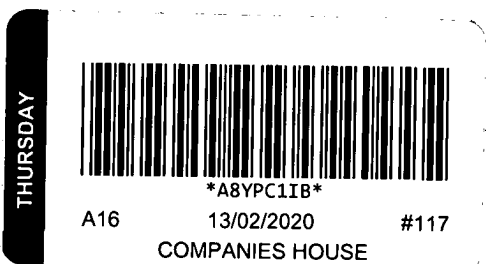


GCP WEMBLEY LIMITED

**REGISTERED IN ENGLAND AND WALES
COMPANY NUMBER 10231975**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**



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CORPORATE INFORMATION

Directors

Robert Peto (Chairman)
Marlene Wood
Peter Dunscombe (retired on 6 November 2018)
Malcolm Naish
Gillian Day
David Hunter (appointed on 1 May 2019)

Secretary and Registered Office

Link Company Matters Limited
51 New North Road
Exeter EX4 4EP
Tel: 01392 477500

Independent Auditor

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the Company for the year ended 30 June 2019.

The Directors' report has been prepared in accordance with the special provisions relating to small companies under Section 415(A) (1) and (2) of the Companies Act 2006.

The Company is a wholly-owned subsidiary of GCP Holdco 3 Limited (the "Parent Company"). The Company is part of a group which consists of GCP Student Living plc (the "Ultimate Parent Company") and its subsidiaries (together the "Group").

Principal activity

The principal activity of the Company is, and for the foreseeable future will continue to be, a holding company for companies providing student accommodation which is in line with the Ultimate Parent Company's investment strategy.

The UK is currently in the process of exiting the EU, which has created a period of significant political and economic uncertainty. This could have an impact on the valuation of the Company's investment property and fair value of the Company's subsidiary. To address this risk, the Directors together with the Company's advisers closely monitor changes in government policy in respect of the UK, EU and international students.

Strategic Report

The Directors have taken advantage of the exemption allowed under section 414B of the Companies Act 2006 and have not prepared a strategic report.

Results and dividend

The profit for the year, after taxation, amounted to £10,672,000 (2018: £14,714,000). The Company continues to benefit from the support of its Parent to meet its obligations as they fall due and in the opinion of the Director's remains a going concern.

During the year, the Company paid £17,000,000 (2018: £Nil) in dividends to the Parent Company. The Company has declared a dividend of £4,057,588 in respect of the year ended 30 June 2019 after the year end (2018: £Nil).

The fair value of investment property as at 30 June 2019 was £97,280,000 (2018: £90,400,000).

Share Capital

As at 30 June 2019, the Company had in issue 12 (2018: 12) ordinary shares of £1 each. Equity shareholders' funds totalled £87,080,000 (2018: £93,408,000).

Directors

The Directors who served during the year were:

Robert Peto (Chairman)
Marlene Wood
Peter Dunscombe (retired on 6 November 2018)
Malcolm Naish
Gillian Day
David Hunter (appointed on 1 May 2019)

DIRECTORS' REPORT (continued)

Directors' Interests

All of the current Directors are also directors of the Parent Company and the Ultimate Parent Company.

The Directors do not hold any shares in the Company nor did they during the year under review. Their interests in the shares of the Ultimate Parent Company are disclosed in the Ultimate Parent Company's annual report and financial statements for the year ended 30 June 2019.

No Director has a contract of service with the Company, and there were no contracts or arrangements at any time during the year ended 30 June 2019, or since, in which a Director of the Company was materially interested, whether directly or indirectly.

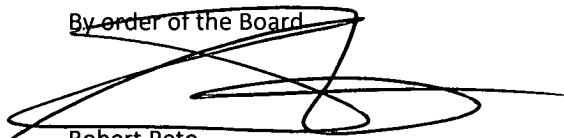
Disclosure of Information to the Auditor

Each Director confirms that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware, and they has taken all the steps that they ought to have taken as 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.

Auditor

The Auditor for the year was Ernst & Young LLP, who have expressed their willingness to remain in office as Auditor of the Company.

By order of the Board

A large, stylized handwritten signature in black ink, appearing to be 'R. Peto', written over the text 'By order of the Board'.

Robert Peto
Director
3 February 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Directors are required to prepare financial statements for each financial period which 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 those financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GCP WEMBLEY LIMITED

Opinion

We have audited the financial statements of GCP Wembley Limited (the 'Company') for the year ended 30 June 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- ▶ give a true and fair view of the Company's affairs as at 30 June 2019 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 below. 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 the provisions available for small entities, in the circumstances set out in the Director's Report of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GCP WEMBLEY LIMITED (continued)

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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GCP WEMBLEY LIMITED (continued)

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.



Nargis Yunis (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 05.02.20

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

Continuing operations	Notes	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Revenue	5	4,253	3,232
Property operating expenses	6	-	(1)
Net rental income		4,253	3,231
Administration expenses	6	(58)	(50)
Operating profit before gains on investment properties		4,195	3,181
Fair value gains on investment properties	3	6,879	11,356
Fair value gains on subsidiary company	4	225	177
Operating profit		11,299	14,714
Finance income	7	1	-
Finance costs	8	(628)	-
Profit before tax		10,672	14,714
Tax charge for the year	10	-	-
Profit for the year		10,672	14,714

There were no items of other comprehensive income and therefore, profit for the year also reflects the total comprehensive income for the year.

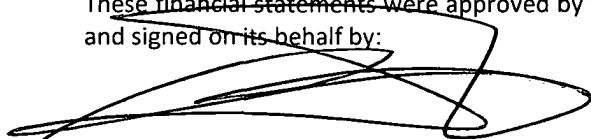
The accompanying notes on pages 14 to 25 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

Assets	Notes	As at 30 June 2019 £'000	As at 30 June 2018 £'000
Non-current assets			
Investment property	3	97,280	90,400
Investment in subsidiary company	4	402	177
		97,682	90,577
Current assets			
Trade and other receivables	12	6,104	2,820
Cash and cash equivalents	13	424	778
		6,528	3,598
Total assets		104,210	94,175
Liabilities			
Current liabilities			
Amounts due to related parties	15	(114)	-
Trade and other payables	15	(283)	(209)
		(397)	(209)
Non-current liabilities			
Interest bearing loans and borrowings	14	(16,733)	-
Retention account		-	(558)
Total liabilities		(17,130)	(767)
Net assets		87,080	93,408
Equity			
Share capital	16	-	-
Share premium	17	61,000	78,000
Retained earnings	18	26,080	15,408
Total equity		87,080	93,408

These financial statements were approved by the Board of Directors of GCP Wembley Limited on 3 February 2020 and signed on its behalf by:



Robert Peto
Director

Company registered number 10231975

The accompanying notes on pages 14 to 25 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2018		-	78,000	15,408	93,408
Profit for the year		-	-	10,672	10,672
Total comprehensive income		-	-	10,672	10,672
Cancellation of share premium	17		(17,000)	17,000	-
Dividends	11	-	-	(17,000)	(17,000)
Balance at 30 June 2019		-	61,000	26,080	87,080

For the year ended 30 June 2018

		Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2017		-	60,000	694	60,694
Profit for the period		-	-	14,714	14,714
Total comprehensive income		-	-	14,714	14,714
Ordinary shares issued	16	-	18,000	-	18,000
Balance at 30 June 2018		-	78,000	15,408	93,408

The accompanying notes on pages 14 to 25 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Cash flows from operating activities		
Operating profit	11,299	14,714
Adjustments to reconcile profit for the year to net cash flows:		
Gain from change in fair value of investment properties	(6,879)	(11,356)
Gain from change in fair value of subsidiaries	(225)	(177)
Recharges from other group entities	(3,697)	(3,224)
Decrease in other receivables and prepayments	4	80
Increase in other payables and accrued expenses	88	-
Net cash flow generated from operating activities	590	37
Cash flows from investing activities		
Payments on properties under construction	(572)	(18,660)
Net cash flow used in investing activities	(572)	(18,660)
Cash flows from financing activities		
Dividends paid to Parent Company	(17,000)	-
Net cash received from related parties	523	3,000
Finance costs	(1,045)	-
Interest bearing loans and borrowings	17,150	-
Net cash flow generated from financing activities	(372)	3,000
Net Decrease in cash and cash equivalents	(354)	(15,623)
Cash and cash equivalents at start of the year	778	16,401
Cash and cash equivalents at end of the year	424	778

The accompanying notes on pages 14 to 25 form an integral part of these financial statement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. General information

The Company was incorporated in England and Wales on 15 June 2016. The registered office of the Company is 51 New North Road, Exeter EX4 4EP.

The Company is a wholly-owned subsidiary of the Parent Company. The Company's financial results are included within the consolidated financial statements of the Ultimate Parent Company which represent both the largest and smallest group for which financial statements are prepared and of which the Company is a member. The Group's consolidated financial statements are publicly available at Companies House.

2. Basis of preparation

These financial statements are prepared in accordance with IFRS issued by the International Accounting Standards Board as adopted by the EU. The financial statements have been prepared under the historical cost convention, except for investment property that has been measured at fair value. The audited financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

Under IFRS 10, the Company is not required to prepare consolidated financial statements as it meets all of the following conditions:

- It is a wholly owned subsidiary of another entity
- Its debt or equity instruments are not traded in a public market
- It did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market, and
- Its immediate parent produces financial statements available for public use that comply with IFRSs, in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10.

The financial statements are in respect of the year ended 30 June 2019. Comparative figures are for the year ended 30 June 2018.

2.1 Changes to accounting standards and interpretations

New standards, amendments to standards and interpretations which came into effect for accounting periods starting on or after 1 July 2018 have had an impact on the financial statements as follows:

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018). The Company now applies an expected credit loss model when calculating impairment losses on its trade and other receivables; and
- IFRS 15 Revenue from Contracts (effective for annual periods beginning on or after 1 January 2018). The Company's revenue is outside the scope of IFRS 15.

A review of comparative figures has taken place and it has been determined that the accounting policy change has not had a material impact on the impairment of trade and other receivables at 30 June 2018.

The following new standards and amendments to existing standards have been published and, once approved by the EU, will be mandatory for the Company's accounting periods beginning after 1 July 2019 or later periods. The Company has decided not to adopt them early.

- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019). IFRS 16 has minimal impact on lessors like the Company.
- IFRS 3 Business Combinations – Definition of a business, to be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020. Whilst this will not affect historic transactions of the Company, as and when an acquisition takes place the accounting treatment will be reviewed in line with the new standard.

The Company does not expect the adoption of new accounting standards issued but not yet effective to have a significant impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

2.2 Significant accounting judgements and estimates

The preparation of these audited financial statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements

Valuation of property

The valuation of the Company's investment property is at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and in accordance with IFRS 13 Fair Value Measurement.

Valuation of investments in subsidiaries

Investments in the subsidiary companies are valued at fair value. The Directors' consider that the net asset value ("NAV") of each of the subsidiary companies is equivalent to fair value. Further details of the valuation techniques are disclosed within note 19 of the financial statements.

Operating lease commitments – Company as a lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future being a period of at least 12 months from the date that these financial statements are approved. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

2.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Functional and presentation currency

The overall objective of the Company is to generate returns in Pound Sterling and the Company's performance is evaluated in Pound Sterling. Therefore, the Directors consider Pound Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have therefore adopted it as the functional and presentation currency.

b) Investment property

Investment property comprises property held to earn rental income or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the period in which they arise under IAS 40 Investment Property.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

2.3 Summary of significant accounting policies (continued)

b) Investment property (continued)

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (from lettings, tenants' profiles, future revenue streams) capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property and discount rates applicable to those assets.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

c) Investment in subsidiary companies

Investment in subsidiary companies owned by the Company are valued at NAV, which in the opinion of the Directors is equivalent to fair value. Changes in fair value of the investments and gains on the sale of investments are recognised as they arise in the Company's statement of comprehensive income.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions with an initial maturity of three months or less.

e) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently carried at amortised cost less provision for impairment. Where the time value of money is material, receivables are carried at amortised cost using the effective interest method. Impairment provisions are recognised on the expected credit loss model detailed within IFRS 9.

The Company recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables where necessary. The loss allowance is based on lifetime expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. 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. Impaired balances are reported net, however impairment provisions are recorded within a separate provision account with the loss being recognised within administration costs within the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

f) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

g) Revenue recognition

i) Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

ii) Finance income

Interest income is recognised on an effective interest rate basis and shown within the income statement as finance income.

h) Administration expenses

Administration expenses are charged to the statement of comprehensive income and are accounted for on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

2.3 Summary of significant accounting policies (continued)

i) Finance expenses

Finance costs consist of interest and other costs that the Company incurs in connection with bank and other borrowings.

j) Taxation

Corporation tax is recognised in the statement of comprehensive income except where in certain circumstances corporation tax may be recognised in other comprehensive income.

The Company is part of a REIT group, which are exempt from corporation tax on the profits and gains from their property rental business, provided the Group continues to meet certain conditions as per REIT regulations.

Non-qualifying profits and gains of Group companies (the residual business) continue to be subject to corporation tax. As the Company has no property rental business, all the Company's profits are subject to corporation tax to the extent they cannot be group-relieved by excess management expenses from the residual business of other Group companies. Therefore, current tax is the expected tax payable on the non-qualifying taxable income for the period if applicable, using tax rates enacted or substantively enacted at the balance sheet date.

k) Interest bearing loans and borrowings

Loans and borrowings are initially recognised at cost net of directly attributable transaction costs. Loans and borrowings are subsequently measured at amortised cost with interest charged to the income statement at the effective interest rate and shown within finance costs. Transaction costs are spread over the term of borrowing.

l) Dividends to shareholders

Dividends due to the Company's shareholders are recognised when they are declared.

3. UK investment property under construction

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
At the start of the year	-	59,100
Land and development costs	-	19,930
Movement between properties under construction and investment property	-	(79,030)
Valuation at the end of the year	-	-

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
At the start of the year	90,400	-
Movement between properties under construction and investment property	-	79,030
Additional expenditure on investment property	1	14
Fair value gains on revaluation of investment property	6,879	11,356
Valuation at the end of the year	97,280	90,400

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

4. Investment in subsidiary companies

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
At the start of the year	177	-
Fair value gains on the revaluation of the subsidiary company	225	177
Valuation at the end of the year	402	177

Investment in subsidiary companies relates solely to the investment in GCP Wembley 2 Limited, a 100% owned subsidiary company. The principal place of business and country of incorporation is Beaufort House, New North Road, Exeter, United Kingdom EX4 4EP.

5. Revenue

The following table analyses rental income received:

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Rental income received from related party	4,253	3,232
Total	4,253	3,232

6. Property operating and administration expenses

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Property operating expenses	-	1
Administration expenses	58	50
Total	58	51

7. Finance income

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Bank interest	1	-
Total	1	-

8. Finance costs

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Loan interest	145	-
Agency fees	22	-
Loan commitment fees	274	-
Amortised loan fees	187	-
Total	628	-

9. Auditor's remuneration

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Audit fee	6	4
Total	6	4

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

10. Taxation

A description of the Company's tax status is outlined in note 2.3.

Corporation tax charges have arisen as follows:

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Corporation tax on residual income for current year	-	-
Total	-	-

Reconciliation of tax charge to profit before tax:

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Profit before tax	10,672	14,714
Theoretical tax at 19.00% (2018: 19.00%)	2,028	2,796
Change in value of investment property	(1,307)	(2,157)
Change in value of subsidiary	(43)	-
Tax exempt property rental business	(678)	(639)
Total	-	-

The UK Government announced as part of the Finance Act 2016 a reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) which was substantively enacted on 6 September 2016 and received Royal Assent on 15 September 2016. This will affect the rate at which future UK tax will be payable.

11. Dividends

	Year ended 30 June 2019 £'000	Year ended 30 June 2018 £'000
Dividends paid	17,000	-
Total	17,000	-

12. Trade and other receivables

	30 June 2019 £'000	30 June 2018 £'000
Prepayments and other receivables	3	4
Amounts receivable from related parties	6,101	2,816
Total	6,104	2,820

Amounts receivable from related parties are unsecured and interest free.

13. Cash and cash equivalents

	30 June 2019 £'000	30 June 2018 £'000
Cash at bank	424	778
Total	424	778

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

14. Interest bearing loans and borrowings

	30 June 2019 £'000	30 June 2018 £'000
Loan drawn down during the year	34,620	-
Repayment of loan during the year	(17,470)	-
	17,150	-
Loan arrangement fees paid during the year	(604)	-
Fees amortised in the year	187	-
Total	16,733	-

The Company has a redrawable credit facility of £45 million at a rate of LIBOR +1.85% which is set to mature in July 2021.

15. Other payables and accrued expenses

	30 June 2019 £'000	30 June 2018 £'000
Amounts due to related parties	114	-
Trade and other payables	283	209
Total	397	209

Amounts due to related parties are unsecured and interest free.

16. Share capital

	30 June 2019 Number of Shares	30 June 2018 Number of Shares
Issued and fully paid:		
At the start of the year	12	10
Shares issued during the year	-	2
Balance at the end of the year	12	12

Share capital comprises one class of ordinary shares. At general meetings of the Company, shareholders are entitled to one vote on a show of hands and on a poll, to one vote for every share held. There are no restrictions on the size of a shareholding or the transfer of shares.

17. Share premium

	30 June 2019 £'000	30 June 2018 £'000
At the start of the year	78,000	60,000
Shares issued during the year	-	18,000
Cancellation of share premium	(17,000)	-
Total	61,000	78,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

18. Capital and reserves

Share capital

Share capital is the nominal amount of the Company's ordinary shares in issue. This equates to £1 per ordinary share.

Share premium

Share premium relates to amounts subscribed for share capital in excess of nominal value.

Retained earnings

Retained earnings represent the profits of the Company and other distributable amounts less dividends paid to date.

Retained earnings comprise the following cumulative amounts:

	30 June 2019	30 June 2018
	£'000	£'000
Accumulated unrealised gains on investment property and investment in subsidiary companies	19,540	12,436
Accumulated revenue profits	6,540	2,973
Accumulated dividends paid	(17,000)	-
Cancelled share premium	17,000	-
Retained earnings	26,080	15,409

19. Fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

The fair value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

Quarterly valuations of investment property are performed by Knight Frank LLP, an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, however the valuations are the ultimate responsibility of the Directors, who appraise these quarterly.

The Company's investment property is held at fair value as determined by the external valuer in accordance with the RICS Valuation Global Standards 2017 and IFRS13.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams) capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property and discount rates applicable to those assets

The following tables show an analysis of the fair values of financial instruments recognised in the statement of financial position by level of the fair value hierarchy¹:

	30 June 2019			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets measured at fair value				
Investment property	-	-	97,280	97,280
Investment in subsidiary companies	-	-	402	402
Total	-	-	97,682	97,682

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

19. Fair value (continued)

	30 June 2018			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets measured at fair value				
Investment property	-	-	90,400	90,400
Investment in subsidiary companies	-	-	177	177
Total	-	-	90,577	90,577

¹ Explanation of the fair value hierarchy:

- 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.

Valuation techniques and significant inputs with the valuation of investment properties

The following table analyses:

- the fair value measurements at the end of the reporting period;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- for Level 3 fair value measurements, quantitative information about significant unobservable inputs used in the fair value measurement.

Class	Fair value	Valuation technique	Key unobservable inputs	Range
Student property	£97,280,000	Income capitalisation	Market Rate – 2018/19	£180 - £305 per week
30 June 2019			Rental growth	3.0%
			Tenancy period	51 weeks
			Sundry income	£100 per bed per annum
			Facilities management cost	£2,300 per bed per annum
			Initial yield	4.85%

Class	Fair value	Valuation technique	Key unobservable inputs	Range
Student property	£90,400,000	Income capitalisation	ERV – 2017/18	£165 - £305 per week
30 June 2018			Rental growth	3.0%
			Tenancy period	41 / 51 weeks
			Sundry income	£100 per bed per annum
			Facilities management cost	£2,300 per bed per annum
			Initial yield	5.25%

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

19. Fair value (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

Significant increases/(decreases) in the ERV (per square foot per annum "sq ft p.a.") and rental growth p.a. in isolation would result in a significantly higher/(lower) fair value measurement. Significant increases/(decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower/(higher) fair value measurement.

Generally, a change in the assumption made for the ERV (per sq ft p.a.) is accompanied by:

- a similar change in the rent growth p.a. and discount rate (and exit yield); and
- an opposite change in the long-term vacancy rate.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £7,104,000 (2018: £11,533,000) and are presented in the income statement in line item 'fair value gains on investment properties'.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

The carrying amount of the Company's other assets and liabilities are considered to be the same as their fair value.

20. Financial risk management objectives and policies

The Company has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Company is exposed to market risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the future values of investments in property will fluctuate due to changes in market prices. The total exposure at the statement of financial position date is £97,280,000 (2018: £90,400,000) and to manage this risk, regular updates on the student accommodation market and senior debt market are provided to the Board of Directors to act as an early warning signal of any adverse market conditions ahead.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is minimal.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its leasing activities and its financing activities, including deposits with banks.

Credit risk is managed by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

20. Financial risk management objectives and policies (continued)

Credit risk (continued)

The following table analyses the Company's exposure to credit risk:

	30 June 2019 £'000	30 June 2018 £'000
Cash and cash equivalents	424	778
Trade and other receivables	6,104	2,820
Total	6,528	3,598

The cash and cash equivalents at 30 June 2019 are held with Barclays Bank plc which has been given an A (Stable) credit rating by Standard & Poor's.

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Less than 3 months £'000	3 to 12 months £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
Year ended 30 June 2019					
Interest bearing loans and borrowings	-	-	-	17,150	17,150
Amounts due to related parties	114	-	-	-	114
Trade and other payables	283	-	-	-	283
Total	397	-	-	17,150	17,547

	Less than 3 months £'000	3 to 12 months £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
Year ended 30 June 2018					
Trade and other payables	209	-	-	-	209
Total	209	-	-	-	209

21. Capital management

The Company's capital is represented by share capital and reserves.

The principal objective of the Company's capital management strategy is to ensure the Company's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid, issue new shares or return capital to the Parent Company. In any circumstances, the Parent Company and the Ultimate Parent Company will provide adequate financial support to ensure the Company's business continuity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

22. Related party transactions

As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company owns 100% of the share capital of GCP Wembley 2 Limited registered number 10182391, registered in England and Wales.

The table below discloses transactions and balances between the Company, its Parent Company and other related parties:

	30 June 2019	30 June 2018
	£'000	£'000
Transactions during the year		
Turnover rent due from GCP Wembley 2 Limited	4,250	-
Costs recharged by GCP Student Living plc	-	(8)
Costs recharged by GCP Wembley 2 Limited	-	(14)
Expenses paid by GCP Student Living plc	-	(3)
Expenses paid by GCP Holdco 3 Limited	(583)	-
Expenses paid to GCP Wembley 2 Limited	30	2
Rent transfers from GCP Wembley 2 Limited	-	3,231
Cash transfers from GCP Student Living plc	-	(549)
Cash transfers from GCP Holdco 3 Limited	21,637	-
Cash transfers to GCP Wembley 2 Limited	(5,160)	(2,450)
Dividend paid to GCP Holdco 3 Limited	(17,000)	-
Shares issued to GCP Student Living plc	-	18,000
Balances outstanding at the end of the year:	£'000	£'000
GCP Wembley 2 Limited	(114)	769
GCP Holdco 3 Limited	4,054	-
GCP Student Living plc	2,047	2,047

23. Ultimate controlling party

The ultimate parent company is GCP Student Living plc. In the opinion of the Directors, there is no ultimate controlling party.