Registered number: 10407229

ASTUTE CAPITAL PLC

INTERIM REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

COMPANY INFORMATION

Directors	Timothy Ian Mycock Adrian Francis Bloomfield
Company secretary	D&A Secretarial Services Limited
Registered number	10407229
Registered office	116 Baker Street, Marylebone, London W1U 6TS

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STRATEGIC REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Introduction

Astute Capital Plc (PLC) engaged in raising capital which is advanced to the Company's collateral manager Astute Capital Advisors Ltd (ACA), an asset backed finance provider predominantly focused on UK property finance. However, in March 2022, Astute Capital Plc proposed and finalised a debt-to-equity swap by way of special resolution which required an extraordinary majority vote of 75% or more. Astute Capital Plc received 93% votes in favour of the debt-to- equity swap proposal. The restructure was required as part of the company's new business model which aims to provide senior debt loans to UK property companies. The debt-to-equity swap will assist the business to secure an institutional debt funding line for the purposes of pivoting the business to focus on its new senior debt development funding business model.

All loans are forecasted to have an average duration of 18 - 24 months, which are for the funding of the acquisition and/or development of UK property and are provided by way of an exclusivity agreement the company has secured with an institutionally funded joint venture mezzanine and bridging lender. Our management team with over 40 years' experience along with a robust underwriting process including credit committee, independent solicitors and RICS professionals ensures our senior development loans will meet the agreed criteria.

Business model and risk management framework

Astute Capital Plc was established to raise funds through a £500M secured limited recourse bond programme, listed on Euronext Dublin, formerly the Irish Stock Exchange and since September 2020 on both the Vienna and Frankfurt Stock Exchanges. The funds raised by the issuer were advanced to ACA under a Collateral Management Agreement (CMA) under which ACA will deal with loan origination, underwriting, and the entering into borrower loans on behalf of Astute Capital Plc. This business model will be replaced due to the successful debt-to-equity swap which has enabled Astute to start raising equity and apply for institutional funding for senior debt development finance. This new business model has an exclusive deal pipeline, currently in excess of £300m.

Loans will focus on senior real estate debt opportunities up to 70% LTV as well as real estate development loans up to 65% LTGDV/ 80% LTC. These loans will be for experienced investors, developers and property companies who focus on either traditional build-to-sell or build-to-rent exit routesor or for the development/ investment of other property income producing assets , such as purpose-built student accommodation (PBSA) or hotels.

There is an experienced management team together with a well-respected advisory board made up of individuals who will act as its credit committee. Independent valuations will be carried out on all loans using our panel of chartered surveyors, who will be experienced in valuing the type of assets being offered as security by borrowers.

Financial review

Financial review

Bond Programme

In March 2018 Astute Capital PLC successfully launched its £500M secured limited recourse bond issuance programme, listed on the main market of Euronext Dublin.

As at 31 March 2022, the company had converted bondholders debt of £22m to 28m shares issued at a nominal value of £0.0029412 each. The number of shares issued was based on an independent review of the company's proposed business model which resulted in the business being independently valued at £55m. This review was carried out by a top 10 UK&I chartered accountancy firm, who rigorously sense tested the model and assumptions before providing their independent valuation.

Loan Book

The net book value owed to PLC by ACA at 30 September 2022 is £6.5m and the restructuring of bondholders debt into equity, together with the loan book value now provides a positive balance sheet of £6.3m. This will provide a stable platform to be able to raise institutional funding and enable the delivery of the company's new strategy that will result in shareholders achieving a competitive return on their capital. The loan book has experienced some impairment in the recent period due to a number of factors including Brexit, the global pandemic and considerable cost inflation being seen due to economic uncertainty. However, despite the uncertainty the company remains resilient and focused in achieving its new business objectives.

The company forecasts that it will have facilities drawn down of £490m by the end of year 3, rising to £1,270m in year 5. The PLC continues to have security via a floating charge over ACA which in turn has used a full suite of security documents which mostly include legal charges, debentures, share charges and/or personal guarantees.

Bond Programme:

In March 2018 Astute Capital PLC successfully launched its £500M secured limited recourse bond issuance programme, listed on the main market of Euronext Dublin.

As at 31 March 2022, the company had converted bondholders debt of £22m to 28m shares issued at a nominal value of £0.0029412 each. The amount of shares issued was arrived at by undertaking an independent review of the company's proposed new business model which resulted in the business being independently valued at £55m. Share certificates were issued to all known investors in May 2022 as per the debt-to-equity conversion and it is the company's preference to list its shares before instructing the existing bonds to be cancelled. Should the company share listing not take place before 31 March 2023, the company will either cancel the bonds or look to extend the bond maturity date to give the company further time to successfully list its shares.

The PLC generated interest income of £nil (6 months to September 2021 – 1,265k) during the financial period on advancing loans to ACA. Interest payments are managed on an on-going basis between PLC and ACA and interest due to PLC is paid as and when required by PLC.

Amounts owed from related parties

Since April 2020 all funds generated have been passed to ACA and collateral interest has been accrued on the full balance as per the collateral agreement. Therefore, the costs of ACA, the collateral manager are now included in loans to the collateral manager, and interest on those loans included in collateral interest. The PLC has no intentions to start recalling these loans within the 2022/23 financial year.

Principal risks and uncertainties

Credit risk of related parties

The proceeds raised by the PLC through its bond issuance programme have been used by ACA to fund its lending activities with a focus on providing funding to third party borrowers with credit risk inherent to its lending activities. The company has undergone a debt-to-equity swap and whilst doing so allowed for impairment within its loan book.

The company will look to operate through PLC solely, no collateral manager being required within the new business model.

The principal risk management exercise is to ensure that the credit quality of asset loans remains above market standards whilst ensuring our security and legal structure of each asset loan provides maximum protection.

All ACA underlying borrowers that met the criteria required by collateral manager at the time loans were made have undergone a detailed review whilst we also undertook our debt-to-equity swap. This review concluded that our loan book would suffer some impairment and a write down be included within our accounts. After the write down the loan book value is £6.5m. The collateral manager continues to provide close oversight of the assets and is maintained, right up to redemption of the facility. An independent professional team of RICS qualified valuers and monitoring agents also provides further detailed oversight of the loan facility. It is this stringent process and attention to detail that we continue and strive to maintain.

It is acknowledged that the property market is cyclical, and the board continues to regularly reassess its view on the risks presented by the market and overall stage of the property cycle. There is currently economic uncertainty as the aftermath of Brexit, global pandemic and cost inflation takes its toll, however, there is still considerable supply and demand disparity for UK housing with new housing falling way short of the 300,000 new houses per annum requirement.

The funding structure is described in greater detail in the business model and risk management framework section on page 1.

Possible exposure to fraud

The collateral manager is exposed to possible fraud by borrowers, their professional advisers, as well as by employees. Under the CMA, the collateral manager is required to provide experienced individuals who will adopt processes and procedures to counter fraud

Operational Risks - Lending

The use of institutional grade solicitors mitigates against the risk of fraud within operational risks. Therefore, the main risks relate to internal underwriting of loans and instructions to solicitors. There is a formal credit committee process which includes the officers of both ACA and PLC to sign off in writing fully packaged and presented loans.

Operational Risks - Bond Sales

Non-compliance with the FCAs Financial Services and Markets Act 2000 would seriously restrict the Company's ability to access new capital. The use of institutional grade, third party compliance consultants and a corporate policy designed around embracing all aspects of compliance mitigates against this risk.

Liquidity Risks

A significant drop or complete stop of new bond sales to retail clients poses a potential threat to liquidity, however, the Company's cashflows are modelled on a worst-case scenario and take this into account. Due to the potential reasons which would result in a stop to new bond sales to retail clients (for example, potential changes in FSMA 2000 section 21 regulation which regulates financial promotions in the UK, stipulates a Company offering a financial promotion must have the approval of an FCA authorised Company or be directly authorised themselves could affect the way the Company deals with and promotes to new retail clients. Without Section 21, the PLC would continue to make new sales to those exempt under the Financial Promotions Exemption Order 2001 (as amended)), it is considered these reasons would not affect new bond sales to High Net Worth (HNW), Sophisticated and Institutional clients and therefore these forecasts remain in the Company's modelling. A market downturn could affect asset values and in turn reduce the amount recoverable under the loan agreements, potentially affecting liquidity. Our collateral manager ensures the security of loans ranks ahead of the borrowers along with taking personal guarantees to mitigate against a reduction in asset values. Our customer services team provides excellent customer service and we closely manage our public reputation along with ensuring we continue to offer competitive rates to mitigate against a drop in retained clients that would otherwise reinvest with PLC.

Brexit Risk

The vote to leave the EU on 23 June 2016 caused a degree of economic uncertainty. In January 2017, the Government announced its objectives for leaving the EU, stating that it intended to leave the single market. Any resulting decline in economic conditions could negatively impact on the collateral manager's financial condition which in turn could adversely impact the ability of the PLC to fulfil its obligations under the Bonds after Brexit.

We are, however, seeing strong demand for lending and investment. With interest rates at historic lows and the British public wanting more control of their future with Brexit and with the current state of the UK State pension system and Company pension schemes defaulting, there has never been a better time for the British public to look at their retirement needs. This has created a huge spike in consumers looking for a better return on their savings coupled with businesses looking for additional funding to fuel growth.

COVID-19

The unprecedented global impact of COVID-19 has been felt by almost all industries with a large amount of businesses worldwide being forced to close and a spike in job losses. The long-term impact is unknown at this point, however, below is an overview of what we at Astute Capital have experienced and are seeing across our loan book. All of ACA's developer borrowers remained operational during this time and although they have had to adhere to social distancing guidelines with labour on site being reduced in some cases, minimal delays were actually experienced. Geographically, there have been some procurement delays with materials being difficult to source, but this was only at the beginning of lockdown until the end of April 2020.

The biggest impact that we have seen so far is the timing of our redemptions due to mortgage lenders withdrawing products temporarily whilst surveyors could not attend to inspect and v0falue properties due to social distancing guidelines. Surveyors have now re-opened and the market appears to have caught up. Currently we have seen no declines in values completed post lockdown to pre COVID-19 values suggesting little impact on values at this time.

An increase in investor appetite due to an increase in contact rate with new investors and uncertainty in the stock market has seen demand remain strong throughout lockdown despite over two thirds of the Astute sales team being furloughed.

UK property market

The last financial period has seen the aftermath of the biggest events arising such as Brexit and COVID-19 which has lead to significant cost inflation and economic uncertainty. These events have understandably created a level of uncertainty within the UK property market.

Fundamentally, demand outweighs supply and government figures quoting an annual need of 300,000 additional homes with the actual figures being expected to be below 50% of this level for the next period and additionally a bottleneck is forming within many planning departments as they have fallen way behind deliverable guidelines in terms of planning permissions timelines. The government is keen for UK housing to remain buoyant and with the supply/demand disparity this should assist in keeping the market stable. We are also seeing institutional funding keen to invest into residential property with Lloyds bank committing to buying 50,000 BTR units up to 2025 and others already committing to follow suit.

Likely future developments in the business of the Company

The company has undertaken a strategic review which has led to a debt-to-equity swap so it can enable the company to be able to approach institutional funding lines for a senior debt development loan facility. We have produced detailed financial forecasts that have been independently reviewed by a top 10 UK&I chartered accountancy firm. These forecasts show the company having outstanding loans of circa £490m by the end of year 3. The company has an exclusivity agreement with a Joint venture mezzanine lender to provide deal flow and already has a pipeline in excess of £300m. The company will provide senior debt development loans up to 70% LTGDV and has a comprehensive security pack including first legal charge, debenture, share charge and personal guarantees.

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Section 172 (1) statement

Section 172 of the Companies Act 2006 requires Directors of an entity to act in the way they consider, in good faith, would be most likely to promote the success of the entity for the benefit of its members as a whole. As part of their deliberations and decision making processes, the Directors take into account the following:
(i) likely consequences of any decisions in the long term;
(ii) the interests of the Company's employees;
(iii) the need to foster the Company's business relationships with suppliers, customers and others;
(iv) the impact of the Company's operations on the community and the environment; and
(v) the desirability of the entity maintaining a reputation for high standards of business conduct

The Directors recognise that building strong relationships with stakeholders will help deliver Astute Capital Plc's strategy in line with its long-term values and is committed to effective engagement with the Company's stakeholders.

Accordingly, the Directors require management to ensure that all stakeholder interests are considered in the Company's day to day management and operations and seek to understand the relative interests and priorities of the various stakeholders and to have regard to these in their decision making. The Directors acknowledge, however, that not every decision will necessarily result in a positive outcome for all stakeholders.

As a result of these activities, the Directors believe that they have demonstrated compliance with their legal duty under s.172 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Adrian Francis Bloomfield
Director

Date: 30th September 2022

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Astute Capital Plc was incorporated in, England on 3 October 2016 as a Private Limited Company and converted to a Public Limited Company on 16th March 2017 and is therefore a Public Limited Company under the Companies Act 2006.

The financial statements have been prepared for the accounting period 1 April 2022 to 30 September 2022.

At 31 March 2022 Astute Capital Plc proposed to bondholders by way of special resolution a vote for a debt-to-equity swap, which received a 93% vote in favour of the proposition. This led to all issued bonds being converted into shares.

On 6 May 2021 the FCA posted an alert on its website which although only stated that Astute Capital Plc was not regulated, affected the company's ability to raise capital and operate normally. Following the debt-to-equity restructure, PLC wrote to the FCA to update it and provide all information relating to the restructure and its new business model. On 2 August 2022 the FCA confirmed that after a thorough analysis of all the information provided it was satisfied that Astute was not in breach of its regulations and removed the alert.

An impairment review of the loan book in Astute Capital Advisors Ltd has led to a change in the profit and loss account of £15.8m.

Directors

The Directors of the Company throughout the financial period were:

Adrian Francis Bloomfield, appointed 15 January 2019
Adrian David Symondson, appointed 1 June 2021 and resigned 21 September 2022
Timothy Ian Mycock, appointed 1 June 2022

Corporate Governance

The directors have been charged with governance in accordance with the company's listed limited recourse bond programme (the "programme"), documents describing the structure and operation of the programme. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the programme documents.

The programme documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business of for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with regulatory obligations.

Due to the nature of the securities which have been listed on the Irish Stock Exchange trading as Euronext Dublin, the directors are satisfied that there is no requirement to publish a corporate governance statement and that the Company is largely exempt from the disclosure requirements of the Irish Corporate Governance Code Annex and the provisions of the UK Corporate Governance Code.

Financial instruments
Credit risk

Credit risk is the risk of financial loss to the Company if a borrower or counterparty to a financial instrument and/or loan fails to meet its contractual obligations. Borrower loans will broadly fall into two categories: (a) secured loans to companies for the purpose of commercial property acquisition or refinance or development and (b) secured loans to small and medium sized companies for business purposes.

New loans will be secured against real estate assets which produce security sufficient to service any payments due and payable on amounts advanced by Astute Capital Plc.
ACA provided funding to borrowers according to lending criteria which was set by the credit committee from time to time and this included but was not limited to maximum LTV of 90% UK assets and a clear exit strategy in place. The strategy moving forward is to secure an institutional funding line to provide senior debt development loans so that we can take advantage of the pipeline of senior debt loans currently secured.

We will provide a well-respected advisory board made up of individuals who will act as its credit committee. Independent valuations will be provided by our panel of valuers who will be experienced in valuing the type of assets being offered as security by borrowers together with institutional grade solicitors and RICS quantity surveyors to also provide independent professional advice.

Asset Securities act as security trustee for the holders of the bonds under a trust deed drawn up between the bond trustee and the issuer. Asset Securites will also act as security trustee with respect to security provided by the collateral manager to secure its obligations to the issuer under the CMA.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives rolling 12-month cash flow projections on a regular basis as well as information regarding cash balances. At the end of the financial period, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The Company also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on its borrowings.

Cash flow interest rate risk

The Company limits its exposure to cash in flow interest rate risk through raising all borrowings at a fixed rate. The Company's borrowings are denominated in GBP.

Market risk

Market risk cash flow arises from the Company's use of interest bearing financial instruments. The Company is exposed to fair value interest rate risk from long term borrowings at fixed rate. It is considered that fair value will fluctuate in accordance with interest rates and unless the Company is able to remain competitive, an increase in interest rates would ultimately see investor's appetite decline should they be able to receive a higher interest rate from either government or institutional grade listed bonds or direct from a savings account. The Company considers this risk to be low based on the fact that the Bank of England base rate is currently 2.25% compared with the Company's average weighted rate of 7.5% and there would need to be a significant increase in the base rate to drive a change in investor appetite towards the Company's debt instruments and its rates. The Company also looks to mitigate against its dependency on listed debt instruments via private equity, syndicate, and institutional funding along with obtaining a rating from a reputable rating agency.

Post balance sheet events

Astute were advised against proceeding with its listing on Aquis Stock Exchange and have sort to list on an alternative stock exchange.

Likely future developments in the business of the Company

Information on likely future developments in the business of the Company has been included in the Strategic Report.

Going Concern

In the first quarter of 2022 Astute carried out a detailed strategic review of its business model after establishing that the business was not sustainable in its current format. This had been brought about by many factors including Brexit, COVID-19 and disruptive regulatory changes directly affecting bond issuers due to the FCA's aim to all but close down the bond issuing market. The review concluded that Astute required a more sustainable source of capital to fund its pipeline of loans and there is an abundance of institutional capital available for the right type of lending products. Astute recognised the need to move away from retail investors as well as reduce the risk profile of our lending products in order to attract institutional investors. It was decided that Astute would provide senior debt development loans secured via a first charge lien against borrower assets. Astute was able to secure an exclusivity agreement with a specialist joint venture mezzanine lender that originates senior debt opportunities with each loan it makes. The JV mezz lender is institutionally funded itself ensuring it is a reliable source for senior debt loans and currently has a senior debt pipeline in excess of £300m.

In order to pivot the business successfully, the company needed to improve its balance sheet by converting all issued bonds into equity. This conversion would enable Astute to meet the criteria of an institutional investor. Astute prepared conservative forecasts which enabled it to project future valuations of the business based on the debt-to-equity conversion taking place and sent a value-based proposal to its bondholders requesting them to vote by 12:00 on 31

March 2022. Astute received 93% (over the 75% required) vote in favour of the debt-to-equity conversion allowing the special resolution to be passed and, therefore, convert all bonds into equity.

Astute instructed top 10 UK&I chartered accountancy firm, PKF, to carry out a thorough and independent review of our business model and provide a market valuation of our business based on this revised model. After this robust review, PKF Accountants valued the business at £55m as at 31 March 2022 as well as projected values of £87.5m in year 3, £122.5m in year 4 and £145m in year 5.

The above restructuring has resulted in Astute writing down parts of its loan book which had become impaired during this difficult trading period. Due to the restructure, we now have a positive balance sheet which will be the platform to assist us in securing institutional funding for which we have already instructed Cambridge Wilkinson, a leading global investment bank based in New York, to act on our behalf to secure the required funding.

On 2 August 2022 the FCA confirmed that after a thorough analysis of all the information provided it was satisfied that Astute was not in breach of its regulations and removed the alert. Between September and November 2022, the UK economy suffered a significant financial downturn as well as the Bank of England increasing its base rate at the highest rate increase in over 30 years. Astute Capital Plc restructured its business and proposed a new business model in March 2022 due to both its own financial circumstances and UK and Global economic instability. It was clear some form of a downturn was approaching in the UK but impossible to know when, however, the restructuring was based on it happening within the next 12 months. The new business model and forecasts used by PKF for the independent valuation clearly show no income in the year ending March 2023 as PLC forecasted a worst-case scenario of launching its new senior debt business model in April 2023. It is anticipated that PLC will raise further new capital once listed in the first quarter of 2023 and aim to secure institutional funding and launch its senior debt business in March/April 2023.

In conclusion, based on all the above we are satisfied that the entity is a going concern.

Dividends

No dividends were declared in the period.

Adrian Francis Bloomfield
Director

Date: 30th September 2022

DIRECTORS' RESPONSIBILITIES STATEMENT FORTHE PERIOD ENDED 30 SEPTEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for 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 also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.
The Directors are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the United Kingdom concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement as required by the Transparency Directive and U.K. Corporate Governance Code
Each of the Directors, whose names and functions are listed on pages 7 of this annual report, confirm that, to the best of each person's knowledge and belief:

- The financial statements, prepared in accordance with applicable UK accounting standards, as applied in accordance with the provisions of Companies Act 2014, give a true and fair view of the assets, liabilities, and financial position of the Company at March 31, 2022 and of the profit or loss of the Company for the year then ended.

- The Directors' report contained in the annual report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risk and uncertainties that they face; and

- The annual report and financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Adrian Francis Bloomfield
Director

Date: 30th September 2022

INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Note	6 months to 30 September 2022 (Unaudited)	Year to 31 March 2022 (audited)	6 months to 30 September 2021 (Unaudited)
		£000	£000	£000
Interest receivable and similar income	6	-	2,410	1,265
Interest payable and similar charges		(19)	(2,108)	(1,052)
Gross profit		(19)	302	213
Bad debt written-off	4	-	(15,824)	
Administrative expenses	4	(130)	(511)	(207)
Operating profit/(loss)		(149)	(16,033)	5
Tax on profit/(loss)	8	-	-	(1)
Profit/(loss) for the financial year		(149)	(16,033)	4
Other comprehensive income for the year				
Total comprehensive income for the year		(148)	(16,033)	4

The notes on pages 16 to 23 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note		30 September 2022 (Unaudited) £'000		31 March 2022 (audited) £'000
Non current assets					
Debtors due after more than 1 year		-		873	
			6,513		873
Current assets					
Debtors: amounts falling due within one year	9	6,513		5,463	
Cash at bank and in hand	10	5		33	
		6,518		5,496	
Creditors: amounts falling due within one year	11	(227)		(148)	
Net current assets			6,291		5,348
Total assets less current liabilities			6,291		6,221
Borrowings: amounts falling due after more than one year	12		-		-
Net assets/(liabilities)			6,291		6,221
Capital and reserves					
Called up share capital	14		50		50
Preference shares			22,340		22,204
Profit and loss account			(16,182)		(16,033)
			6,291		6,221

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

Adrian Francis Bloomfield
Director

Date:30th September 2022

The notes on pages 16 to 23 form part of these financial statement

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Called up share capital	Preference shares	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2021	50	-	69	119
Comprehensive income for the year				
Profit for the year	-	-	(16,033)	(16,033)
Total comprehensive income for the year	-	-	(16,033)	(16,033)
Debt to equity conversion during the year	-	22,204	-	22,204
Dividends			(69)	(69)
Total transactions with owners		22,204	(16,102)	6,102
At 1 April 2022	50	22,204	(16,033)	6,221
Comprehensive income for the year				
Profit for the year			(149)	(149)
Total comprehensive income for the year	-	-	(149)	(149)
Dividends	-		-	-
Shareholder investment		220	-	220
Total transactions with owners		220	-	51
At 30 September 2022	50	22,424	(16,183)	6,291

The notes on pages 16 to 23 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Note	6 months to 30 September 2022 (Unaudited)	Year to 31 March 2022 (audited)
		£000	£000
Cash flows from operating activities	**Note**		
Profit/(loss) for the financial year		**(149)**	(209)
Adjustments for:			
Impairment of fixed assets		-	(15,824)
Conversion of Debt to equity		-	(21,207)
Issue of shares		220	22,204
Decrease in debtors	**9**	-	60
(Decrease)/ Increase in creditors	**11**	79	1,153
Decrease/ (Increase) in loans to collateral manager	**11**	(177)	1,049
Net cash generated from operating activities		**(27)**	**2,053**
Cash flows from financing activities			
Dividends paid		-	(69)
Bond proceeds		-	(1,959)
		-	-
Net cash generated in financing activities		-	**(2,028)**
Net (decrease)/increase in cash and cash equivalents		(27)	**25**
Cash and cash equivalents at beginning of year	**10**	32	7
Cash and cash equivalents at the end of year		5	**32**
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand	**10**	5	32
		5	**32**

The notes on pages 23 to 35 form part of these financial statements.

1. General information

Astute Capital Plc is a public Company limited by shares and incorporated in England, United Kingdom. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic or Ireland.

2. Accounting policies

2.1 Basis of preparation of financial statements

Since the nature of the business is to provide finance, the Directors are of the opinion that it is more appropriate to use interest income and interest expense rather than turnover and cost of sales in preparing the statement of comprehensive income.

The functional and presentational currency of the Company is GBP. The financial

statements have been rounded to the nearest thousand.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

In the first quarter of 2022 Astute carried out a detailed strategic review of its business model after establishing that the business was not sustainable in its current format. This had been brought about by many factors including Brexit, COVID-19 and disruptive regulatory changes directly affecting bond issuers due to the FCA's aim to all but close down the bond issuing market. The review concluded that Astute required a more sustainable source of capital to fund its pipeline of loans and there is an abundance of institutional capital available for the right type of lending products. Astute recognised the need to move away from retail investors as well as reduce the risk profile of our lending products in order to attract institutional investors. It was decided that Astute would provide senior debt development loans secured via a first charge lien against borrower assets. Astute was able to secure an exclusivity agreement with a specialist joint venture mezzanine lender that originates senior debt opportunities with each loan it makes. The JV mezz lender is institutionally funded itself ensuring it is a reliable source for senior debt loans and currently has a senior debt pipeline in excess of £300m.

In order to pivot the business successfully, the company needed to improve its balance sheet by converting all issued bonds into equity. This conversion would enable Astute to meet the criteria of an institutional investor. Astute prepared conservative forecasts which enabled it to project future valuations of the business based on the debt-to-equity conversion taking place and sent a value-based proposal to its bondholders requesting them to vote by 12:00 on 31 March 2022. Astute received 93% (over the 75% required) vote in favour of the debt-to-equity conversion allowing the special resolution to be passed and, therefore, convert all bonds into equity.

Astute instructed top 10 UK&I chartered accountancy firm, PKF, to carry out a thorough and independent review of our business model and provide a market valuation of our business based on this revised model. After this robust review, PKF Accountants valued the business at £55m as at 31 March 2022 as well as projected values of £87.5m in year 3, £122.5m in year 4 and £145m in year 5.

The above restructuring has resulted in Astute writing down parts of its loan book which had become impaired during this difficult trading period. Due to the restructure, we now have a positive balance sheet which will be the platform to assist us in securing institutional funding for which we have already instructed Cambridge Wilkinson, a leading global investment bank based in New York, to act on our behalf to secure the required funding.

On 2 August 2022 the FCA confirmed that after a thorough analysis of all the information provided it was satisfied that Astute was not in breach of its regulations and removed the alert. Between September and November 2022, the UK economy suffered a significant financial downturn as well as the Bank of England increasing its base rate at the highest rate increase in over 30 years. Astute Capital Plc restructured its business and proposed a new business model in March 2022 due to both its own financial circumstances and UK and Global economic instability. It was clear some form of a downturn was approaching in the UK but impossible to know when, however, the restructuring was based on it happening within the next 12 months. The new business model and forecasts used by PKF for the independent valuation clearly show no income in the year ending March 2023 as PLC forecasted a worst-case scenario of launching its new senior debt business model in April 2023. It is anticipated that PLC will raise further new capital once listed in the first quarter of 2023 and aim to secure institutional funding and launch its senior debt business in March/April 2023.

In conclusion, based on all the above we are satisfied that the entity is a going concern.

2.3 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Interest income is recognised when it is probable the economic benefits will flow to the Company and the amount of the revenue can be measured reliably. Interest income is accrued on a lime basis, by reference to the principal outstanding and at the effective rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Administration expenses

Administration expenses are expensed or accrued in the period the services are incurred. Costs caninclude, but are not limited to, audit and accountancy fees, consulting fees, IT software, legal expenses and other professional fees.

2.5 Finance costs

Interest payable is charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable toan item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that ii is probable that they willbe recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated taxallowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.7 Loans and advances

Short term debtors are measured at transaction price, less any impairment. Loans and advances are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.9 Financial assets and liabilities

The Company's financial assets comprise only those that meet the definition of basic financial instruments. These are principally loans and other receivables due from the Collateral Manager and related parties.

A debt instrument is recognised when the Company becomes party to the contractual provisions of the instrument and is initially measured at the transaction price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate, in which case it will be initially measured at the present value of the future cash flows, discounted at a market rate of interest. Subsequent measurement of basic financial instruments is at amortised cost using the effective interest method.

Financial assets that are measured at amortised cost are assessed for objective evidence of impairment at the end of each reporting period. If such evidence of impairment is found, the difference between the asset's carrying value and the present value of estimated cash flows that will be received from that asset, discounted at the asset's original effective interest rate, is recognised in profit or loss.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or are settled when substantially all of the risks and rewards of ownership of the financial asset are transferred to another party.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.11 Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Share premium represents the premium paid for new shares above their nominal value
- Profit and loss account represents the cumulative profits or losses, net of dividends and other adjustments.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make judgements. estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period.

Although these estimates are based on management's best assessment of the outcome, actual results may ultimately differ from those estimates. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Recoverability of loans from Collateral Manager

It is agreed between Astute Capital Plc and its collateral manager (ACA) that all loans made by ACA must be asset backed and must not breach the Company's program memorandum. Beyond this the Company has agreed with ACA to include further policies to provide additional security around loans and to assist with recoverability, these include but are not limited to: personal guarantees from borrowers, full transparency of borrower operation including the mandates over key bank accounts, ownership over security assets and enhanced levels of control and management during the lifetime of each loan. Should the Company need to recover the loans from ACA it would call upon the security held by ACA in the form of legal charges over the assets lent against.

4. Operating profit/ (loss)

The operating profit/ (loss) stated after charging

	6 months to 30 September 2022 (Unaudited)	6 months to 30 September 2021 (Unaudited)
	£000	£000
Client Services	2	22
Administration fees	53	43
Legal expenses	49	6
Advertising	24	-
Wages and salaries	-	117
Employers national insurance	-	16
Other administrative expenses	1	3
	129	207

5. **Employees**

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

	2022	2021
	No.	No.
	3	2

Directors

Within administration costs is director's consultancy fees for Adrian Bloomfield of £22,543 (2021 - £22,382). Dave Symondson's director's consultancy fees of £20,833 (2021 – £20,833). Timothy Mycock's director's consultancy fees of £10,000 (2021 – nil). Richard Symonds received a salary of nil (2021 - £118,500).

6. **Interest receivable and similar income**

No interest was accrued or received in the six months to 30 September 2022. In the year to 31 March 2022 interest received was accrued under the Collateral Management Agreement on funds advanced of £20,519k at a fixed interest rate of 11.75% pa.

7. Interest payable and similar charges

	6 months to 30 September 2022 (Unaudited) £'000	6 months to 30 September 2021 (Unaudited) £'000
Bonds issued	-	**1,681**
Amortisation of bond issue costs	19	428
	19	2,108

Following the debt-to-equity swap on 31 March 22, there have been no more bonds issued. Amortisation of bond costs in the 6 months to 30 September 2022 is costs relating to the closure of bonds. In the six months 30 September 2021 interest payable on bonds issued included the coupon payment in September 2021 that was due in accordance with the respective bond terms. It also included the movement in the accrual for interest accrued but not yet due to be paid on all Series that has been subscribed to the 31 March 2002.

Bond issue costs were amortised over the life of each respective bond series from the month they are incurred. The debt to equity swap resulted in all accrued interest at the year-end being converted to equity.

8. Taxation

	6 months to 30 September 2022 (Unaudited) £'000	6 months to 30 September 2021 (Unaudited) £'000
UK Corporation tax		
Current tax profit/ (losses) for the period	(149)	5
Total current tax	28	(1)
Deferred tax		
In respect of losses carried forward	-	-
Taxation on losses	4	4

Taxation continued

	6 months to 30 September 2021 (Unaudited) £'000	6 months to 30 September 2020 (Unaudited) £'000
Profit/(Loss) before tax	(149)	5
(Profit)/Loss on ordinary activities multiplied by the rate of corporation tax applicable in the UK (19%), (2019 – 19%)	28	(1)
Deferred tax liability/(asset) not recognised	-	-
Taxation on profit/(loss)	28	4

Losses are not being recognized as a deferred tax asset due to the probability of recovery of the asset.

9. Loans and advances

Due after more than one year	30 September 2022 (Unaudited) £'000	31 March 2022 (audited) £'000
Collateral interest owed by Collateral Manager	-	873
Total	8,270	7,379

Due within one year	30 September 2022 (Unaudited) £'000	31 March 2022 (audited) £'000
Loans to collateral manager	6,513	5,463
Total	**6,513**	**5,463**

Amounts owed by the collateral manager of £6,513k (March 2022 - £5,463k) (see note 16 for further details).

Collateral interest owed by the collateral manager is interest accrued on the loans advanced to the Collateral Manager under the CMA.

£15.8m of loans to Astute Capital Advisors Ltd., the collateral manager, were written off in the year to 31 March 2022.

10. Cash and cash equivalents

Due within one year	30 September 2022 (Unaudited) £'000	31 March 2022 (audited) £'000
Loans to collateral manager	5	32
Total	5	32

11. Creditors falling due within one year

	30 September 2022 (Unaudited) £'000	31 March 2022 (audited) £'000
Trade creditors	205	71
Accruals	2	49
Other creditors	20	11
Total	**227**	**15,484**

12. Financial instruments

	30 September 2022 (Unaudited) £'000	31 March 2022 (audited) £'000
Financial assets		
Financial assets measured at amortised cost	6,518	7,477
Financial liabilities		
Financial liabilities measured at amortised cost	(227)	(148)

Financial assets measured at amortised cost comprise cash at bank, loan to collateral manager, amounts owed by related parties, bond issue costs, other debtors and called up share capital not paid.

Financial liabilities measured at amortised cost comprise amounts owed to related parties, accounts payable, accruals, other creditors, deferred bond interest and issued bonds.

Information regarding the Company's exposure to and management of credit risk, liquidity-risk, marketrisk and cash flow interest rate risk is included in the Directors' report.

13. Share capital

	30 September 2022 (Unaudited) £'000	31 March 2022 (audited) £'000
Ordinary shares at 0.29412p each	50	50
Preference shares at 0.29412p each	83	82
Other creditors	22,340	22,132
Total	**22,473**	22,254

The new ordinary shares have a nominal value of £0.0029412 and are called up and fully paid. They carry voting, capital repayment and dividend distribution rights.

The B shares do not carry voting rights, but carry liquidation priority in the event of liquidation or sale of the company.

14. Contingent liabilities

There were no contingent liabilities at the year end.

15. Related party transactions

Astute Capital Advisors Limited (formerly TAR Asset Management)- collateral manager

Astute Capital PLC was established to raise funds through a £500m secured limited recourse bond programme. listed on the Irish Stock Exchange. The funds raised by the issuer will be lent to Astute Capital Advisors under a collateral management agreement under which Astute Capital Advisors Limited will deal with loan origination, approve and enter into borrower loans on behalf of Astute Capital Plc.

Astute Capital Advisors Limited was established in order to act as collateral manager on behalf of Astute Capital Plc and is incorporated in the United Kingdom with its registered office at 116 Baker Street, Marylebone, London, W1U 6TS. The management of Astute Capital Advisors Limited initially included both Directors of Astute Capital Plc until their resignation in July 2017. The Directors of Astute Capital Plc were also shareholders of Astute Capital Advisors Limited until March 2017. One of the Directors of Astute Capital PLC continues to exercise significant control over Astute Capital Advisors Limited through their close cooperation with the Directors of Astute Capital Advisors Ltd around the nature of the collateral agreement.

In addition, Astute Capital Advisors Limited will assume the obligations of the Company in respect of office costs, staff employment and introducer payments and commissions for funds raised.

No interest was accrued or received in the six months to 30 September 2022. In the year to 31 March 2022 interest received was accrued under the Collateral Management Agreement on funds advanced of £20,519k at a fixed interest rate of 11.75% pa.

The amounts owed from Astute Capital Advisors Ltd at the period end consisted of £6.5m (31 March 2022 - £6.3m) of monies lent to it under the CMA and associated interest on those funds. These figures include amounts relating to expenditure incurred by the Astute Capital Plc on Astute Capital Advisors Ltd's behalf.

Other related party transactions

Within administration costs is director's consultancy fees for Adrian Bloomfield of £22,382 (2021 - £22,543) Dave Symondson's director's consultancy fees of £20,833 (2021 – £20,833). Timothy Mycock's director consultancy fees of £10,000 (2021 – nil). Richard Symonds received a salary of nil (2021 - £118,500).

16. Post balance sheet events

Astute were advised against proceeding with its listing on Aquis Stock Exchange and have sort to list on an alternative stock exchange.

17. Controlling party

From 28 March 2022 control changed to the Trustees of the RSMB Trust Fund after they acquired the shares from the trust. Upon consent to the debt to equity conversion by the Bondholders on 31 March 2022 the Trustees of the RSMB Trust Fund remained the controlling party with more than 50% of the voting rights of the company with no other party with more than 5% of voting rights.