Registered Company Number : 05835390

IQ (General Partner 2) Limited

Directors' Report and Financial Statements

For the year ended 30 September 2021

IQ (General Partner 2) Limited
Directors' Report and Financial Statements
For the year ended 30 September 2021

Registered Company Number : 05835390

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IQ (General Partner 2) Limited **Registered Company Number : 05835390**
Directors' Report
For the year ended 30 September 2021

The Directors present their report and the audited financial statements for IQ (General Partner 2) Limited ("the Company") for the year ended 30 September 2021. These accounts have been prepared in accordance with the provisions applicable to the Small Companies Regime. The Company has taken an exemption from the requirement to prepare a strategic report under section 414B of the Companies Act 2006.

Principal activities

The Company is a private company limited by shares, incorporated in the United Kingdom. The principal activity of the Company is to act as one of two general partners to iQ Property Partnership. This Partnership operates student accommodation, which is leased to students via iQ Letting Property Partnership. Some of the properties include a commercial element which are let out by the partnership directly. The Company and its other affiliated companies are subsidiaries of IQSA Holdco Limited ("the Group"), incorporated and registered in Jersey and listed on The International Stock Exchange in Guernsey.

Future developments

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

Results and dividends

The operating result before taxation for the year was £nil (2020: £nil), full results for the year are set out on page 8.

The Directors do not recommend the payment of an ordinary dividend in the current year (2020: £nil).

Directorships

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

Rebecca Jane Worthington (resigned 26 February 2021)
Matthew Graham Merrick (resigned 30 July 2021)
Gemma Nandita Kataky
Michael David Vrana
Peter Gerald Holden (resigned 8 December 2020)
James Neil Mortimer (appointed 25 February 2021)
Robert Roger (appointed 25 February 2021 resigned 30 July 2021)
Dushyant Singh Sangar (appointed 30 July 2021)
Dominic John Rowell (appointed 30 July 2021)

Change in ownership

On 15 May 2020, the previous head of the group, IQSA Holdings S.à r.l., was acquired by Capella UK Bidco 1 Limited, a wholly owned subsidiary of IQSA Holdco Limited. This resulted in new ultimate shareholders of the Group which are investment funds advised by affiliates of The Blackstone Group Inc.

Financial risk management

Credit risk

Credit risk occurs when a counterparty to a financial instrument fails to discharge an obligation to the Company, it may occur through receivables. The Company's receivables relate principally to amounts due from other affiliated companies. Management monitors the ability of these debtors to meet their obligations on an ongoing basis.

Interest rate risk

There is no interest rate risk in the Company.

Liquidity and cash flow risk

The Company finances its operations with intercompany advances. Management mitigates this risk through monitoring cash flow forecasts.

Directors' indemnities and insurance

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

Political donations

The Company has not made any political donations during the year (2020: £nil).

Independent auditors

The Directors of the Company resolved to reappoint Ernst & Young as independent auditors of the Company.

Registered office

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

Statement of Directors' responsibilities in respect of the financial statements

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

Statement of Directors' responsibilities in respect of the financial statements (continued)

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

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

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

Directors' confirmations as to disclosure of information to the auditor

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

Going Concern

The Directors consider it reasonable to adopt the going concern basis in preparing the financial statements for the year ended 30 September 2021. The Company is reliant on a letter of support from IQSA Holdco Limited ("The Group"), owing to the fact it has forecast net cash outflows for the period to 31 March 2023 (the "Relevant Period"). The Company has received confirmation that the Group intends to support the Company for the Relevant Period.

In assessing the ability of the Group to provide this support, the directors of the Group have prepared a going concern assessment for the Group which considered two scenarios, a "base case" and a "severe but plausible downside scenario" for the Relevant Period.

Under the base case, the Group remains in a positive cash position for the existing operating business throughout the Relevant period. There is also sufficient headroom within the cash trap funds to mitigate against further downside due to Covid-19 or other factors. Under the severe but plausible downside scenario, the Group remains in cash trap for the remainder of the going concern review period with the liquidity requirements of the existing operating ring-fenced assets met through funds generated within the debt facilities.

Going Concern (continued)

A capped letter of support for (£66.1m) has been provided by the Group's shareholders to fund committed acquisition and development cash requirements outside of the existing operating sites and hence outside of the cash trap. This letter of support contains a number of conditions which the Directors have assessed as either being within their control, or where these are outside their control the Directors' have assessed that they have a remote chance of occurring, and as such the Directors have concluded that they can rely on this support being provided as required over the Relevant Period. As a result of this assessment, the Directors have concluded that the Group has sufficient free cash not trapped within the Group's debt facilities to meet the Company's liquidity requirements for the Relevant Period.

In addition, the Group's shareholders have confirmed that any repayment terms related to current or future shareholder loans between the Group (as borrower) and the shareholder (as lender), will be extended for a further period or periods such that they do not require repayment within the Relevant Period.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the Relevant Period, being the period to 31 March 2023.

Subsequent events

There have been no significant events since the year end.

On behalf of the Board

DocuSigned by:
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James Neil Mortimer
Director
23 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IQ (GENERAL PARTNER 2) LIMITED

Opinion

We have audited the financial statements of iQ (General Partner 2) Limited (the 'Company') for the year ended 30 September 2021 which comprise Statement of Profit and Loss, Statement of Financial Position, Statement of Changes in Equity and the related Notes 1 to 13 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 31 March 2023.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- 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 as set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

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

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

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by understanding how management is incentivised, if any assets may be a risk of misappropriation and through understanding key accounting estimates.

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

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

Use of our report

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

Ernst & Young LLP

Graeme Downes (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
24 March 2022

IQ (General Partner 2) Limited **Registered Company Number : 05835390**

Statement of Profit and Loss

For the year ended 30 September 2021

	Note	Year ended 30-Sep-21 £	Year ended 30-Sep-20 £
Administrative expenses		(5,677)	(4,500)
Other income	3	5,677	4,500
Operating result before taxation	4	-	-
Income tax benefit	6	91	1,299
Profit for the year		**91**	**1,299**

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

The notes on pages 11 to 17 form an integral part of these financial statements.

IQ (General Partner 2) Limited **Registered Company Number : 05835390**
Statement of Financial Position
As at 30 September 2021

	Note	As at 30-Sep-21 £	As at 30-Sep-20 £
Fixed assets			
Investments	7	5,000	5,000
Current assets			
Trade and other receivables	8	19,385	14,609
Creditors - amounts falling due within one year	9	(22,872)	(18,187)
Net current liabilities		**(3,487)**	**(3,578)**
Net assets		**1,513**	**1,422**
Equity			
Called up share capital	10	101	101
Share premium account	10	900	900
Retained earnings	10	512	421
Total equity		**1,513**	**1,422**

The financial statements on pages 8 to 10 and the accompanying notes on pages 11 to 17 were approved by the board of directors and authorised for issue on 23 March 2022 and are signed on its behalf by:

DocuSigned by:

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James Neil Mortimer
Director

IQ (General Partner 2) Limited **Registered Company Number : 05835390**
Statement of Changes in Equity
For the year ended 30 September 2021

	Called up share capital	Share premium	(Accumulated losses)/retained earnings	Total equity
	£	£	£	£
Balance at 1 October 2019	101	900	(878)	123
Year ended 30 September 2020				
Profit for the year	-	-	1,299	1,299
Balance at 30 September 2020	**101**	**900**	**421**	**1,422**
Year ended 30 September 2021				
Profit for the year	-	-	91	91
Balance at 30 September 2021	**101**	**900**	**512**	**1,513**

The notes on pages 11 to 17 form an integral part of these financial statements.

1. General information

The Company is a private company, limited by shares, incorporated in the United Kingdom. Its principal activities are described in the Directors' Report. The Company is an indirect wholly owned subsidiary of IQSA Holdco Limited, incorporated and registered in Jersey. The Company is exempt by virtue of section 398 of the Companies Act 2006 to prepare consolidated financial statements.

2. Significant accounting policies

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

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention, as modified by certain financial assets and financial liabilities measured at fair value.

The accounting policies which follow set out these policies which apply in preparing the financial statements for the year ended 30 September 2021.

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

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

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

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

- Paragraphs 91 to 99 of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, relevant disclosures are given in the Group financial statements of IQSA Holdco Limited. Copies of the consolidated financial statements are publicly available as outlined in Note 12.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Amounts are presented in pounds sterling, which is also the functional currency of the Company, rounded to the nearest pound sterling, unless otherwise stated.

2.1.1 Going concern

The Directors consider it reasonable to adopt the going concern basis in preparing the financial statements for the year ended 30 September 2021. The Company is reliant on a letter of support from IQSA Holdco Limited ("The Group"), owing to the fact it has forecast net cash outflows for the period to 31 March 2023 (the "Relevant Period"). The Company has received confirmation that the Group intends to support the Company for the Relevant Period.

In assessing the ability of the Group to provide this support, the directors of the Group have prepared a going concern assessment for the Group which considered two scenarios, a "base case" and a "severe but plausible downside scenario" for the Relevant Period.

Under the base case, the Group remains in a positive cash position for the existing operating business throughout the Relevant period. There is also sufficient headroom within the cash trap funds to mitigate against further downside due to Covid-19 or other factors. Under the severe but plausible downside scenario, the Group remains in cash trap for the remainder of the going concern review period with the liquidity requirements of the existing operating ring-fenced assets met through funds generated within the debt facilities.

A capped letter of support for (£66.1m) has been provided by the Group's shareholders to fund committed acquisition and development cash requirements outside of the existing operating sites and hence outside of the cash trap. This letter of support contains a number of conditions which the Directors have assessed as either being within their control, or where these are outside their control the Directors' have assessed that they have a remote chance of occurring, and as such the Directors have concluded that they can rely on this support being provided as required over the Relevant Period. As a result of this assessment, the Directors have concluded that the Group has sufficient free cash not trapped within the Group's debt facilities to meet the Company's liquidity requirements for the Relevant Period.

In addition, the Group's shareholders have confirmed that any repayment terms related to current or future shareholder loans between the Group (as borrower) and the shareholder (as lender), will be extended for a further period or periods such that they do not require repayment within the Relevant Period.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the Relevant Period, being the period to 31 March 2023.

2.1.2 New standards, amendment and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 September 2021, have had a material impact on the Company.

2. Significant accounting policies (continued)

2.2 Trade and other receivables

Trade and other receivables are recognised at fair value less expected credit losses. The credit loss model applies the simplified approach, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

2.3 Investments

Fixed asset investments are stated at cost less any provision for impairment. Investments in subsidiaries are assessed for impairment annually at the year end date.

2.4 Share capital

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

2.5 Creditors

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

2.6 Income tax

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

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

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

2. Significant accounting policies (continued)

2.7 Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for the Company's activity.

3 Other income

The Company recharges 100% of the administrative expenses to another affiliated entity within the Group, iQ Property Partnership, annually at the year end. The recharges are approved by the General Partners' of the respective affiliated entity and are recognised as other income in the Statement of Profit and Loss.

In addition, the Company is entitled to a priority payment of 0.025% per annum of any distribution from iQ Property Partnership.

	Year Ended 30-Sep-21 £	Year Ended 30-Sep-20 £
Reimbursement of expenses	5,677	4,500
	5,677	4,500

4 Operating result before taxation

	Year Ended 30-Sep-21 £	Year Ended 30-Sep-20 £
Operating result before taxation is stated after charging:		
Auditors' remuneration (Audit services only)	3,870	3,100

5 Employees and Directors

No staff members were directly employed by the entity during the year (2020: no staff). Directors are paid by other companies in the Group and recharged accordingly across the Group. There were no emoluments recharged to or paid directly from the Company in the year (2020: no emoluments). No directors received remuneration in the year for qualifying services to the Company, including that paid by other companies in the Group on behalf of the Company (2020: £nil).

6 Income tax expense

	30-Sep-21	30-Sep-20
	£	£
(a) Tax benefit included in profit and loss		
Current tax:		
Adjustments to current tax in respect of prior periods	(91)	90
Total current tax (benefit)/expense	(91)	90
Deferred tax:		
Adjustments to deferred tax in respect of prior years	-	(1,389)
Total deferred tax (benefit)	-	(1,389)
Total tax benefit included in profit and loss	(91)	(1,299)
(b) Total tax reconciliation		
Result on ordinary activities before taxation	-	-
Tax at the main rate of UK corporation tax of 19% (2020: 19%)	-	-
Effects of:		
Prior year adjustment to current tax	(91)	90
Decrease in deferred tax liability	-	(1,389)
Total tax benefit included in profit and loss	(91)	(1,299)

The Group of which the Company is a part of became a UK Real Estate Investment Trust ("REIT") on 1 October 2020. As a result of this, the profits and gains of its property rental business are not subject to UK corporation tax so long as the REIT conditions are met. Profits and gains outside of the property rental business will continue to be subject to UK corporation tax, for which the main rate is currently 19% (2020: 19%).

In his Budget Statement on 3 March 2021, the UK Chancellor announced that the main rate of UK corporation tax would increase to 25% from 1 April 2023. This may have a potential impact on profits made by the residual business of the Group only from that date.

7 Investments

	Shares in group participating interests £
Cost	
As at 1 October 2020 & at 30 September 2021	5,000
Net book value	
As at 1 October 2020 & at 30 September 2021	5,000

Details of the investments for the Company are as follows:

Name of company	Percentage of shareholding	Registered address
iQ Property Partnership (UK)	0.025%	7th Floor Cottons Centre, Cottons Lane, UK, SE1 2QG

8 Trade and other receivables

	30-Sep-21 £	30-Sep-20 £
Amounts owed by group undertakings	19,385	14,609

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

9 Creditors - amounts falling due within one year

	30-Sep-21 £	30-Sep-20 £
Amounts owed to group undertakings	16,896	12,396
Accruals	5,976	5,700
Taxation and social security	-	91
	22,872	18,187

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

10 Equity

	30-Sep-21	30-Sep-20
Authorised, issued and fully paid:	£	£
101 (2020: 101) ordinary shares of £1 (2020: £1)	101	101

Retained earnings includes all current and prior period retained profits and losses.

The share premium account includes all equity funding received from the Company's immediate parent.

11 Contingent liabilities and capital commitments

There are no contingent or capital liabilities at 30 September 2021 (2020: £nil).

In addition, on 14 May 2020 the Group entered into a debt facility, totalling £2,190m. The Company, along with other entities in the Group, acts as a guarantor and obligor and could be liable to settle some or all of the drawn facility in the event of default. At the year end 30 September 2021 the principal balance of the facility was £2,265m.

12 Ultimate controlling party

At 30 September 2021, the immediate parent of the Company was iQ (General Partner) Limited which is 100% owned by iQ (Shareholder GP) Limited.

IQSA Holdco Limited, having its registered office at 44 Esplanade St Helier Jersey JE4 9WG, is the parent company into which the Company's financial statements are consolidated. Copies of the consolidated financial statements are available from The International Stock Exchange in Guernsey.

On 15 May 2020, the previous head of the group, IQSA Holdings S.à r.l., was acquired by Capella UK Bidco 1 Limited, a wholly owned subsidiary of IQSA Holdco Limited. This resulted in new ultimate shareholders of the Group which are investment funds advised by affiliates of The Blackstone Group Inc.

13 Subsequent events

There have been no significant events since the year end.

Limited Partnership Registration No. LP011525

iQ Property Partnership

General Partners' Report and Financial Statements

For the year ended 30 September 2021

Contents

iQ Property Partnership **Limited Partnership Registration No. LP011525**
General Partners' Report
For the year ended 30 September 2021

The General Partners present their Report, the Strategic Report and the audited financial statements for iQ Property Partnership ("the Partnership") for the year ended 30 September 2021.

Principal activities

The Partnership is incorporated in the United Kingdom. It's principal activity is to invest in student accommodation and hold them for capital appreciation and to earn rental income. Some of the properties include a commercial element. The Partnership and its other affiliated companies are subsidiaries of IQSA Holdco Limited ("the Group"), incorporated, registered in Jersey and listed on The International Stock Exchange in Guernsey.

Partners

The Partners who were in office during the year and up to the date of signing the financial statements were:

iQ (General Partner) Limited - General Partner
iQ (General Partner 2) Limited - General Partner
iQ Unit Trust - Limited Partner

Change in ownership

On 15 May 2020, the previous head of the group, IQSA Holdings S.à r.l., was acquired by Capella UK Bidco 1 Limited, a wholly owned subsidiary of IQSA Holdco Limited. This resulted in new ultimate shareholders of the Group which are investment funds advised by affiliates of The Blackstone Group Inc.

Financial risk management

Credit risk

Credit risk occurs when a counterparty to a financial instrument fails to discharge an obligation to the Partnership. It may occur through receivables, or cash and cash equivalents held at banks. The Partnership's receivables relate principally to amounts due from other affiliated companies. Management monitors the ability of these companies to meet their obligations on an ongoing basis. Expected credit loss has been calculated as outlined in Note 2.2.

Interest rate risk

The Partnership finances its operations with cash generated by operations, short term intercompany advances that are interest free and interest bearing shareholder IBL loans ("IBL loans") and is therefore exposed to interest rate risk on these loans. The Partnership mitigates this risk through fixed interest rate arrangements. Interest on old loans were managed through interest rate hedging, with all loans being settled throughout the prior year. Currently, the Partnership only holds fixed interest intercompany loans.

Liquidity and cash flow risk

The Partnership finances its operations with cash generated by operations, and intercompany advances. Management monitors the risk through rolling forecasts based on expected cash flows on a regular basis and any shortfall, if identified, is then funded through intercompany advances.

Political donations

The Partnership has not made any political donations during the year (2020: £nil).

Independent auditors

The General Partners of the Partnership resolved to reappoint Ernst & Young LLP as independent auditors of the Partnership.

Registered office

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

Statement of General Partners' responsibilities

The General Partners are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK laws and regulation.

Company law requires the General Partners to prepare financial statements for each financial year. Under that law the General Partners have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable UK law).

Under company law the General Partners 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 qualifying partnership and of the profit or loss of the qualifying partnership for that period.

In preparing the financial statements, the General Partners are required to:
- Select suitable accounting policies and then apply them consistently.
- State whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the qualifying partnership will continue in business.

The General Partners are also responsible for safeguarding the assets of the qualifying partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

General Partners' confirmations as to disclosure of information to auditors

To the best of General Partners' knowledge and belief, there is no relevant audit information of which the Partnership's auditors are unaware.

The General Partners have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Going Concern

The General Partners consider it reasonable to adopt the going concern basis in preparing the financial statements for the year ended 30 September 2021. The Partnership is reliant on a letter of support from IQSA Holdco Limited ("The Group"), owing to the fact it has forecast net cash outflows for the period to 31 March 2023 (the "Relevant Period"). The Partnership has received confirmation that the Group intends to support the Partnership for the Relevant Period.

Going Concern (continued)

In assessing the ability of the Group to provide this support, the directors of the Group have prepared a going concern assessment for the Group which considered two scenarios, a "base case" and a "severe but plausible downside scenario" for the Relevant Period.

Under the base case, the Group remains in a positive cash position for the existing operating business throughout the Relevant period. There is also sufficient headroom within the cash trap funds to mitigate against further downside due to Covid-19 or other factors. Under the severe but plausible downside scenario, the Group remains in cash trap for the remainder of the going concern review period with the liquidity requirements of the existing operating ring-fenced assets met through funds generated within the debt facilities.

A capped letter of support for (£66.1m) has been provided by the Group's shareholders to fund committed acquisition and development cash requirements outside of the existing operating sites and hence outside of the cash trap. This letter of support contains a number of conditions which the Directors have assessed as either being within their control, or where these are outside their control the Directors' have assessed that they have a remote chance of occurring, and as such the Directors have concluded that they can rely on this support being provided as required over the Relevant Period. As a result of this assessment, the Directors have concluded that the Group has sufficient free cash not trapped within the Group's debt facilities to meet the Partnership's liquidity requirements for the Relevant Period.

In addition, the Group's shareholders have confirmed that any repayment terms related to current or future shareholder loans between the Group (as borrower) and the shareholder (as lender), will be extended for a further period or periods such that they do not require repayment within the Relevant Period.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the General Partners have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the Relevant Period, being the period to 31 March 2023.

Subsequent events

There have been no significant events since the year end.

For and on behalf of the General Partners.

DocuSigned by:
James Mortimer
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James Neil Mortimer
For and on behalf of iQ (General Partner) Limited
For and on behalf of iQ (General Partner 2) Limited

25 March 2022

Review of the business

The principal activity of the Partnership is to invest in student accommodation, and hold them for capital appreciation and to earn rental income. Some properties include a commercial element.

The Partnership has performed in line with the expectations set at the beginning of the year. The set expectations include an allowance for the global pandemic declared in March 2020. The effects from the pandemic include a reduction in occupancy levels and rent rebates in the spring to those students who could not access their accommodation due to the lockdown restrictions imposed by the UK government. This has resulted in a reduction in overall revenue for the 2021 financial year compared to the pre-pandemic revenue levels.

Key Financial highlights

The headline financial performance and position of the Partnership for the year ended 30 September 2021 is as follows:

	2021	2020
	£'000	£'000
Total revenue	4,233	4,139
Profit before interest	19,051	15,901
Net assets	80,190	62,924

Principal Risks and Uncertainties

The principal risk factor that affects the Partnership's performance is the impact on student accommodation occupancy of COVID-19. The risks are discussed further in the Group financial statements. Copies of the Group's Consolidated accounts are available from The International Stock Exchange, Guernsey.

Financing structure

During the 2020 year end IQSA Holdings S.à r.l. was sold to Capella UK Bidco 1 Limited and as part of this transaction the Partnership's bank loans were repaid in full, and was financed via intercompany debt, using proceeds from the debt facility. On 14 May 2020 the Partnership became part of a debt facility with Capella UK Bidco 1 Limited of which it is considered to be a guarantor and obligor and can therefore be liable to claims of the lenders.

Future Developments

The General Partners expect the Partnership will continue to operate in its current capacity for the foreseeable future.

For and on behalf of the Partnership

DocuSigned by:
James Mortimer
EEE9CFE7A4BE480...
James Neil Mortimer
For and on behalf of iQ (General Partner) Limited
For and on behalf of iQ (General Partner 2) Limited

25 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IQ PROPERTY PARTNERSHIP

Opinion

We have audited the financial statements of iQ Property Partnership for the year ended 30 September 2021 which comprise Statement of Profit and Loss, Statement of Financial Position, Statement of Changes in Partners' Interests and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

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 qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the qualifying partnership's ability to continue as a going concern for a period to 31 March 2023.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

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

- the information given in the Strategic Report and the General Partners' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the General Partners' Report have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report and the General Partners' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Statement of General Partners' responsibilities set out on page 2, the members 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 members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the qualifying partnership and determined that the most significant are those that relate to FRS 101, Companies Act 2006, and the relevant tax regulations in the United Kingdom, including the UK REIT regulations,
- We understood how the qualifying partnership is complying with those frameworks by making enquiries of management and those charged with governance. We then assessed the culture of honesty and ethical behaviour in the qualifying partnership, and the processes in place to reward such behaviour and reprimand behaviour not in keeping with these values. We corroborated our inquiries through inspection of the iQ group policies, board minutes and through inspection of whistleblowing reports made to the qualifying partnership's ethics hotline during the year.
- We assessed the susceptibility of the qualifying partnership's financial statements to material misstatement, including how fraud might occur by challenging where fraud is most likely to occur. This included understanding how management is incentivised and where there maybe opportunities to perpetrate fraud, for example, through manipulation of fair value estimates.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved identifying any instances of management override of controls through inquiry with those charged with governance and employees in the business and through testing of manual journal entries exhibiting higher risk criteria and inspecting the documentation supporting those journal entries to challenge whether the transaction was genuine. We performed testing over the process over fair value estimates to identify any instances where undue pressure was placed on third party specialists to value the qualifying partnership's assets in a way that does not comply with United Kingdom Generally Accepted Accounting Practice, and whether inaccurate underlying data was provided to the specialists which would misstate valuation conclusions. We also made formal inquiries of the qualifying partnership's in house legal counsel and inspected minutes of meetings to identify non-compliance.

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

Use of our report

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ernst & Young LLP

Graeme Downes (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

28 March 2022

iQ Property Partnership **Limited Partnership Registration No. LP011525**
Statement of Profit and Loss
For the year ended 30 September 2021

	Note	Year ended 30-Sep-21 £'000	Year ended 30-Sep-20 £'000
Revenue	3	4,233	4,139
Cost of sales		(15)	(24)
Gross profit		**4,218**	**4,115**
Administrative expenses		(55)	(166)
Operating profit	4	**4,163**	**3,949**
Revaluation of investment properties		14,888	11,952
Profit on ordinary activities before interest		**19,051**	**15,901**
Interest receivable and similar income	6	-	2
Interest payable and similar charges	7	(1,785)	(3,183)
Profit for the year		**17,266**	**12,720**

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

The notes on pages 11 to 21 form an integral part of these financial statements.

iQ Property Partnership — **Limited Partnership Registration No. LP011525**

Statement of Financial Position

As at 30 September 2021

	Note	As at 30-Sep-21 £'000	As at 30-Sep-20 £'000
Fixed assets			
Investment Properties	8	150,750	134,955
Current assets			
Trade and other receivables	9	16,232	12,731
Cash and cash equivalents	10	110	18
Total current assets		**16,342**	**12,749**
Total assets		**167,092**	**147,704**
Creditors - amounts falling due within one year	11	(9,195)	(7,298)
Net current assets		**7,147**	**5,451**
Creditors - amounts falling due after one year	12	(77,707)	(77,482)
Net assets		**80,190**	**62,924**
Represented by:			
Partners' capital	13	414	414
Partners' loans	13	4,688	4,688
Fair value swap reserve	13	-	-
Retained earnings	13	75,088	57,822
Partners' interests		**80,190**	**62,924**

The financial statements on pages 8 to 10 and the accompanying notes on pages 11 to 21 were approved by the General Partners and authorised for issue on 25 March 2022 and are signed on its behalf by:

DocuSigned by:
James Mortimer
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James Neil Mortimer
For and on behalf of iQ (General Partner) Limited
For and on behalf of iQ (General Partner 2) Limited

iQ Property Partnership **Limited Partnership Registration No. LP011525**
Statement of Changes in Partner's Interests
For the year ended 30 September 2021

	Partners' capital	Partners' loans	Fair value swap reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2019	414	4,688	(728)	45,838	50,212
Year ended 30 September 2020:					
Profit for the year	-	-	-	12,720	12,720
Fair value swap movement and repayment	-	-	728	(736)	(8)
Balance at 30 September 2020	**414**	**4,688**	**-**	**57,822**	**62,924**
Year ended 30 September 2021:					
Profit for the year	-	-	-	17,266	17,266
Balance at 30 September 2021	**414**	**4,688**	**-**	**75,088**	**80,190**

The notes on pages 11 to 21 form an integral part of these financial statements.

1. General information

The principal activities of the Partnership are described in the Strategic Report. The Partnership is incorporated in the United Kingdom. The Partnership is an indirect wholly owned subsidiary of IQSA Holdco Limited, incorporated and registered in Jersey.

2. Significant accounting policies

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

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention, except for measurement of investment properties which are stated at fair value and other appropriate methods stated in the below notes. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.1.1.

The accounting policies which follow set out these policies which apply in preparing the financial statements for the year ended 30 September 2021.

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

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

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

- The following paragraphs of IFRS 16 , 'Leases':
  89 (lessor disclosures finance and operating leases)

- Paragraphs 91 to 99 of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, relevant disclosures are given in the Group financial statements of IQSA Holdco Limited. Copies of the consolidated financial statements are publicly available, as outlined in Note 15.

2.1.1 Critical accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date. The resulting accounting estimates will, by definition seldom equal the related actual results. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- Investment property

Investments in property are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. The Partners employed professional valuers CBRE Limited ("CBRE") to perform valuations of the investment property using Royal Institute of Chartered Surveyors ("RICS") valuation standards as at 30 September 2021. In arriving at their estimate of market value the valuers used their market knowledge and professional judgement and did not rely solely on comparable historical transactions. There is an inherent degree of uncertainty when using professional judgement in estimating the market values of investment property.

Since 2017, the UK government has undertaken a wholesale review of building safety and fire regulations in the UK, with the introduction of the Fire Safety Act 2021 and the proposed Building Safety Bill which is expected to become law during 2023. In addition, the Building (Amendment) Regulations 2018 imposed a ban on the use of combustible materials in the external walls of new buildings over 18 metres high. In relation to existing buildings, the government has withdrew its consolidated advice note for building owners of high-rise buildings on 11 January 2022 and PAS9980 was issued by British Standards Institution ("BSI") which gives guidance on the approach to risk assessment of facades. Whilst the Group has worked closely with fire risk assessors, its Primary Authority, Greater Manchester Fire & Rescue Services and local Fire & Rescue Services to ensure that all its properties remain safe to occupy, should any of the Group's properties in due course be considered to be unsafe, it would materially affect the investment property valuations.

2. Significant accounting policies (continued)

2.1.1 Critical accounting estimates and assumptions (continued)

In response to changing regulation, the Group has established the Building Improvement Programme ("BIP"), staffed by a dedicated team to review the condition of all the entire portfolio and oversee remediation projects as appropriate. The Group has engaged a series of expert fire and façade engineers, together with other specialist surveyors to advise the Group as to the extent and prioritisation of remedial works across the portfolio. The BIP commenced in 2019 and is expected to be a multi-year programme. Owing to the nature of works involved, and the complexity in estimating the remedial work required and associated future costs to complete, this is considered a critical accounting judgement as forecast costs are included as a deduction in the Investment Property valuation. The estimated costs for BIP have been primarily based on third party surveys of the individual properties and represents management's best estimate of the cost to remediate at this time until there is further clarity as to the scope of any remedial works which may be required.

The significant assumptions used by the valuers in estimating the fair value of investment property include rental income, NIY, occupancy rates, rental growth, operating costs and BIP deductions These are further detailed within the Group accounts.

2.1.2 Going concern

The General Partners consider it reasonable to adopt the going concern basis in preparing the financial statements for the year ended 30 September 2021. The Partnership is reliant on a letter of support from IQSA Holdco Limited ("The Group"), owing to the fact it has forecast net cash outflows for the period to 31 March 2023 (the "Relevant Period"). The Partnership has received confirmation that the Group intends to support the Partnership for the Relevant Period.

In assessing the ability of the Group to provide this support, the directors of the Group have prepared a going concern assessment for the Group which considered two scenarios, a "base case" and a "severe but plausible downside scenario" for the Relevant Period.

Under the base case, the Group remains in a positive cash position for the existing operating business throughout the Relevant period. There is also sufficient headroom within the cash trap funds to mitigate against further downside due to Covid-19 or other factors. Under the severe but plausible downside scenario, the Group remains in cash trap for the remainder of the going concern review period with the liquidity requirements of the existing operating ring-fenced assets met through funds generated within the debt facilities.

A capped letter of support for (£66.1m) has been provided by the Group's shareholders to fund committed acquisition and development cash requirements outside of the existing operating sites and hence outside of the cash trap. This letter of support contains a number of conditions which the Directors have assessed as either being within their control, or where these are outside their control the Directors' have assessed that they have a remote chance of occurring, and as such the Directors have concluded that they can rely on this support being provided as required over the Relevant Period. As a result of this assessment, the Directors have concluded that the Group has sufficient free cash not trapped within the Group's debt facilities to meet the Partnership's liquidity requirements for the Relevant Period.

2. Significant accounting policies (continued)

2.1.2 Going concern (continued)

In addition, the Group's shareholders have confirmed that any repayment terms related to current or future shareholder loans between the Group (as borrower) and the shareholder (as lender), will be extended for a further period or periods such that they do not require repayment within the Relevant Period.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the General Partners have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the Relevant Period, being the period to 31 March 2023.

2.1.3 New standards, amendment and IFRIC interpretations

At the date of authorisation of these financial statements, the Partnership has elected to adopt the following new and revised IFRS's that have become effective for financial years commencing on or after 1 January 2020:

Amendments to IFRS 7 (Financial Instruments: Disclosures), IFRS 9 (Financial Instruments) and IFRS 16 (Leases). The amendments are related to the replacement issues in the context of the IBOR reform. The Partnership has completed its transition to the IBOR reform in the year, with floating rate debt facilities moving from LIBOR to SONIA.

2.2 Trade and other receivables

Trade and other receivables are recognised at fair value less expected credit losses. The credit loss model applies the simplified approach, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

2.3 Cash and cash equivalents

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

2.4 Distribution to Partners

The profits of the Partnership is distributed at such time as the Partners determine in accordance with the Limited Partnership agreement.

2.5 Creditors

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

2. Significant accounting policies (continued)

2.6 Revenue recognition

Revenue is derived form a turnover lease agreement with iQ Shoreditch Letting Property Limited Partnership ("the Operating Partnership") within the scope of IFRS 16 Leases. Under the terms of the lease the Partnership is entitled to its share of the Operating Partnership's net operating income, which is accounted for as rental income and is recognised on a systematic basis.

The Partnership recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Partnership's activities under IFRS 16 Leases.

2.7 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The Partnership assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Partnership is a lessor in an operating lease with the Operating Partnership under a turnover lease agreement. Rental payments are fully variable in nature and do not transfer substantially all the risks and rewards of ownership of the investment properties disclosed in the statement of the financial position. Properties leased under operating leases are included in investment property in the statement of financial position.

2.8 Investment properties

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

After initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date, with unrealised gains and losses recognised in the statement Profit and Loss. The Partnership's policy is to engage qualified Chartered Surveyors to perform the annual valuation of the Partnership's investment property at the balance sheet date, details of the valuation technique used are outlined in Note 8.

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

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

3 Revenue

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

Analysis of revenue by category	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Rental income - turnover lease	4,164	4,058
Rental income - commercial	62	79
Other ancillary income	7	2
	4,233	4,139

Rental Income is primarily derived through a turnover lease agreement with the Operating Partnership, and all rental income arises from investment properties the Partnership owns.

Rental income is lower than a typical academic year in both the current and previous year owing to lower occupancy rates and higher voids driven by Covid-19, deferred start dates were also offered in the prior year. Additionally, the Group offered a 14-week rent rebate in the spring to those students who could not access their accommodation due to the lockdown restrictions imposed by the UK government in January 2021. This resulted in both lower collections of rent and rent refunds by the Operating Partnership.

4 Operating result

	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Operating result before taxation is stated after charging:		
Auditors' remuneration (Audit services only)	6	6
Write-off of amounts owed by group undertakings	-	116

Amounts owed by group undertakings were written-off in the prior year as they were not deemed recoverable. No amounts were written off this year or (2020: £116,387) due at the point of write off, the treatment of which is set out in Note 9.

5 Employees and General Partners

No staff members were directly employed by the entity during the year (2020: no staff).

General Partners are paid by other entities in the Group and recharged accordingly across entities in the Group. There were no emoluments recharged or paid directly from the Partnership in the year, including that paid by other companies in the Group on behalf of the Partnership (2020: no emoluments).

6 Interest receivable and similar income

	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Other interest receivable	-	2

7 Interest payable and similar charges

	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Interest payable on bank loans	-	1,381
Interest payable on loan with group undertakings	1,560	882
Loan arrangement costs	-	86
Amortisation of loan costs	225	803
Revaluation of derivative financial assets	-	31
	1,785	3,183

8 Investment properties

	Investment Properties £'000
Net book value at 1 October 2019	120,780
Capital expenditure	2,223
Gain on revaluation	11,952
Net book value at 30 September 2020	134,955
Net book value at 1 October 2020	134,955
Capital expenditure	907
Gain on revaluation	14,888
Net book value at 30 September 2021	150,750

8 Investment properties (continued)

The valuation technique for student accommodation investment properties is primarily based on Direct capitalisation approach Net Initial Yield ("NIY") investment methodology, to calculate a fair value for each operational asset which adopts a ten-year cash flow period. Where a property has nomination agreements, the assumption is that the property will achieve market rent at the end of its nomination agreement, a yield adjustment is also made where required due to the length of the agreement. A low occupancy shortfall is also factored into the valuation as a one-off capital deduction for properties with low occupancy levels during the period as a result of Covid-19 and ongoing refurbishments. Occupancy levels are subsequently assumed to return to normal levels from 2022/23. There has also been a one-off capital deduction for forecast BIP works. The assumptions used to determine total estimated costs is a significant judgement. Specialists have therefore been engaged to assist with this assessment, including surveys which have been performed at each site, some of these have been visual in nature.

CBRE takes into account property-specific information such as current tenancy agreements, rents achieved and market rents, operating costs and capital expenditure. Significant estimates made by the valuer include, but are not limited to, expected rental growth, occupancy rates, expected operating cost, yield and discount rates. This valuation methodology is market standard and accords with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards UK 2020. A discounted cash flow ("DCF") has been undertaken as a second approach to cross check the NIY and GDV methodology and to sense check the internal rate of return ("IRR") with the following key inputs: net operating income ("NOI") (total revenue from the property less operating costs directly related to the property), future rental growth, expected occupancy rates, tenancy length, and net initial and exit yield. Key considerations in the rental growth, applied include current rental and occupancy rate. Where the factors indicate a different level of likely rental growth for a particular asset, the cash flow is adjusted accordingly. For all investment properties the valuation assumes the highest and best use.

Following the Grenfell fire and new Government advice issued as a result of this, the Partnership has undertaken a significant fire remediation programme, the BIP. The BIP programme is progressing in various stages. Removal of Aluminium Composite Material ("ACM") across the portfolio is complete and remediation of buildings with High-Pressure Laminate ("HPL") cladding is well advanced. The remedial works to properties whose facades include other types of materials not of limited combustibility ("MNLC") is at an early stage, and will be reviewed in light of evolving regulation. There remains a risk that the total forecast costs could differ from the current estimate as the programme progresses.

Owing to the nature of works involved, and the complexity in estimating the remedial work required and associated future costs to complete, this is considered a critical accounting judgement as forecast costs are included as a deduction in the Investment Property valuation.

9 Trade and other receivables

	30-Sep-21 £'000	30-Sep-20 £'000
Trade receivables	2	2
Amounts owed by group undertakings	15,647	12,200
Other debtors	527	527
Taxation and social security	53	-
Prepayments and accrued income	3	2
	16,232	12,731

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

Amounts owed by group undertakings, were written-off in the prior year as they were not deemed recoverable. Amounts owed of £116,387 were due at the point of write-off. This has been recognised as an administrative expense in the 2020 Statement of Profit and Loss.

10 Cash and cash equivalents

	30-Sep-21 £'000	30-Sep-20 £'000
Cash at bank and in hand	110	18

11 Creditors - amounts falling due within one year

	30-Sep-21 £'000	30-Sep-20 £'000
Amounts owed to group undertakings	6,554	6,097
Trade payables	84	25
Deferred income and accruals	256	454
Interest payable to group undertakings	2,282	721
Other creditors	19	1
	9,195	7,298

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

Included within Deferred income and accruals figure is advance payments of turnover income received, not recognised as income until earned.

The Partnership has an agreement with Revantage Corporate Services LLC to provide the Partnership's corporate administrative services in relation to the Groups subsidiaries incorporated in both Luxembourg and Jersey.

12 Creditors - amounts falling due after one year

	30-Sep-21	30-Sep-20
	£'000	£'000
Amounts owed to group undertakings	77,707	77,482
	77,707	77,482

On 15 May 2020 the Group entered into a loan agreement. On this date the Partnership received funding from its indirect Shareholder Capella UK Bidco 1 Limited under an Interest-Bearing Loan ("IBL"). The principal for the IBL was for £71,771,592 and the maturity of the loan is 15 May 2025. The IBL interest rate was updated from the LIBOR to the SONIA rate on 16 August 2021 and bears interest at SONIA plus a lenders margin of 175 BPS and an additional margin of 15 BPS (2020: LIBOR + 175 BPS). At 30 September 2021 the principal amount of the IBL is £72,788,855 less loan fees of £817,656 (2020: £72,788,855 less loan fees of £1,042,968) and is classified as a non-current liability with the principal due on maturity.

On 16 August 2021, the existing loan with IQ Properties S.à r.l. updated the interest rate from LIBOR 3M + 175 BPS to SONIA plus a lenders margin of 175 BPS and an additional margin of 15 BPS. As at 30 September 2021 the principal amount on the IBL is £5,736,084 (2020: £5,736,084) and is classified as a non-current liability with the principal due on maturity of 15 May 2025.

13 Partners' interests

	iQ (General Partner) Limited	iQ (General Partner 2) Limited	iQ Unit Trust	Total
	£'000	£'000	£'000	£'000
Partners' capital	6	5	403	414
Partners' loans	-	-	4,688	4,688
	6	5	5,091	5,102

The iQ Unit Trust has issued share capital of £4,688,000 in the form of a Partner loan as at 30 September 2021. The Partners' loan is interest free and repayable on demand.

Retained earnings includes all current and prior period retained profits and losses.

14 Contingent liabilities and capital commitments

The Partnership is included in a group VAT registration for VAT purposes, through its nominee iQ (General Partner) Limited, and is therefore jointly and severally liable for its, and all other group companies VAT liability.

In addition, on 14 May 2020 the Group entered into a debt facility, totalling £2,190m. The Partnership, along with other entities in the Group, acts as a guarantor and obligor and could be liable to settle some or all of the drawn facility in the event of default. At the year ended 30 September 2021 the principal balance of the facility was £2,265m.

iQ Letting Property Partnership, an affiliated Partnership in the Group, managed and rented the properties owned by the Partnership during the year. The Partnership earns 99% of the income less operating costs that will arise from lettings of the investment properties.

15 Ultimate controlling party

At 30 September 2021, the Partnership was owned 99.95% by the iQ Unit Trust, 0.025% by iQ (General Partner) Limited and 0.025% by iQ (General Partner 2) Limited.

IQSA Holdco Limited, having its registered office at 44 Esplanade St Helier Jersey JE4 9WG, is the parent company into which the Partnership's financial statements are consolidated. Copies of the Group's Consolidated accounts are available from The International Stock Exchange, Guernsey.

On 15 May 2020, the previous head of the group, IQSA Holdings S.à r.l., was acquired by Capella UK Bidco 1 Limited, a wholly owned subsidiary of IQSA Holdco Limited. This resulted in new ultimate shareholders of the Group which are investment funds advised by affiliates of The Blackstone Group Inc.

16 Subsequent events

There have been no significant events since the year end.

Limited Partnership Registration No. LP014919

iQ Shoreditch Property Limited Partnership

General Partners' Report and Financial Statements

For the year ended 30 September 2021

iQ Shoreditch Property Limited Partnership
General Partners' Report and Financial Statements
For the year ended 30 September 2021

Limited Partnership Registration No. LP014919

Contents

The General Partners present their Report, the Strategic Report and the audited financial statements for iQ Shoreditch Property Limited Partnership ("the Partnership") for the year ended 30 September 2021.

Principal activities

The Partnership is incorporated in the United Kingdom. It's principal activity is to invest in student accommodation and hold them for capital appreciation and to earn rental income. Some of the properties include a commercial element. The Partnership and its other affiliated companies are subsidiaries of IQSA Holdco Limited ("the Group"), incorporated, registered in Jersey and listed on The International Stock Exchange in Guernsey.

Partners

The Partners who were in office during the year and up to the date of signing the financial statements were:

iQ Shoreditch (General Partner) Limited - General Partner
iQ Shoreditch (General Partner 2) Limited - General Partner
iQ Shoreditch Unit Trust - Limited Partner

Change in ownership

On 15 May 2020, the previous head of the group, IQSA Holdings S.à r.l., was acquired by Capella UK Bidco 1 Limited, a wholly owned subsidiary of IQSA Holdco Limited. This resulted in new ultimate shareholders of the Group which are investment funds advised by affiliates of The Blackstone Group Inc.

Financial risk management

Credit risk

Credit risk occurs when a counterparty to a financial instrument fails to discharge an obligation to the Partnership. It may occur through receivables, or cash and cash equivalents held at banks. The Partnership's receivables relate principally to amounts due from other affiliated companies. Management monitors the ability of these companies to meet their obligations on an ongoing basis. Expected credit loss has been calculated as outlined in Note 2.2.

Interest rate risk

The Partnership finances its operations with cash generated by operations, short term intercompany advances that are interest free and interest bearing shareholder IBL loans ("IBL loans") and is therefore exposed to interest rate risk on these loans. The Partnership mitigates this risk through fixed interest rate arrangements. Interest on old loans were managed through interest rate hedging, with all loans being settled throughout the prior year. Currently, the Partnership only holds fixed interest intercompany loans.

Liquidity and cash flow risk

The Partnership finances its operations with cash generated by operations, and intercompany advances. Management monitors the risk through rolling forecasts based on expected cash flows on a regular basis and any shortfall, if identified, is then funded through intercompany advances.

Political donations

The Partnership has not made any political donations during the year (2020: £nil).

Independent auditors

The General Partners of the Partnership resolved to reappoint Ernst & Young LLP as independent auditors of the Partnership.

Registered office

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

Statement of General Partners' responsibilities

The General Partners are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK laws and regulation.

Company law requires the General Partners to prepare financial statements for each financial year. Under that law the General Partners have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable UK law).

Under company law the General Partners 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 qualifying partnership and of the profit or loss of the qualifying partnership for that period.

In preparing the financial statements, the General Partners are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the qualifying partnership will continue in business.

The General Partners are also responsible for safeguarding the assets of the qualifying partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

General Partners' confirmations as to disclosure of information to auditors

To the best of General Partners' knowledge and belief, there is no relevant audit information of which the Partnership's auditors are unaware.

The General Partners have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Going Concern

The General Partners consider it reasonable to adopt the going concern basis in preparing the financial statements for the year ended 30 September 2021. The Partnership is reliant on a letter of support from IQSA Holdco Limited ("The Group"), owing to the fact it has forecast net cash outflows for the period to 31 March 2023 (the "Relevant Period"). The Partnership has received confirmation that the Group intends to support the Partnership for the Relevant Period.

In assessing the ability of the Group to provide this support, the directors of the Group have prepared a going concern assessment for the Group which considered two scenarios, a "base case" and a "severe but plausible downside scenario" for the Relevant Period.

Under the base case, the Group remains in a positive cash position for the existing operating business throughout the Relevant period. There is also sufficient headroom within the cash trap funds to mitigate against further downside due to Covid-19 or other factors. Under the severe but plausible downside scenario, the Group remains in cash trap for the remainder of the going concern review period with the liquidity requirements of the existing operating ring-fenced assets met through funds generated within the debt facilities.

A capped letter of support for (£66.1m) has been provided by the Group's shareholders to fund committed acquisition and development cash requirements outside of the existing operating sites and hence outside of the cash trap. This letter of support contains a number of conditions which the Directors have assessed as either being within their control, or where these are outside their control the Directors' have assessed that they have a remote chance of occurring, and as such the Directors have concluded that they can rely on this support being provided as required over the Relevant Period. As a result of this assessment, the Directors have concluded that the Group has sufficient free cash not trapped within the Group's debt facilities to meet the Company's liquidity requirements for the Relevant Period.

In addition, the Group's shareholders have confirmed that any repayment terms related to current or future shareholder loans between the Group (as borrower) and the shareholder (as lender), will be extended for a further period or periods such that they do not require repayment within the Relevant Period.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the General Partners have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the Relevant Period, being the period to 31 March 2023.

Subsequent events

There have been no significant events since the year end.

For and on behalf of the General Partners.

DocuSigned by:
James Mortimer
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James Neil Mortimer
For and on behalf of iQ Shoreditch (General Partner) Limited
For and on behalf of iQ Shoreditch (General Partner 2) Limited

25 March 2022

Review of the business

The principal activity of the Partnership is to invest in student accommodation, and hold them for capital appreciation and to earn rental income. Some properties include a commercial element.

The Partnership has performed in line with the expectations set at the beginning of the year. The set expectations include an allowance for the global pandemic declared in March 2020. The effects from the pandemic include a reduction in occupancy levels andrent rebates in the spring to those students who could not access their accommodation due to the lockdown restrictions imposed by the UK government. This has resulted in a reduction in overall revenue for the 2021 financial year compared to the pre-pandemic revenue levels. This is further explained in Note 2.1.2.

Key Financial highlights

The headline financial performance and position of the Partnership for the year ended 30 September 2021 is as follows:

	2021	**2020**
	£'000	**£'000**
Total revenue	162	6,977
Profit/(loss) before interest	16,796	(3,094)
Net assets	159,422	146,110

Principal Risks and Uncertainties

The principal risk factor that affects the Partnership's performance is the impact on student accommodation occupancy of COVID-19. The risks are discussed further in the Group financial statements. Copies of the Group's Consolidated accounts are available from The International Stock Exchange, Guernsey.

Financing structure

During the 2020 year end IQSA Holdings S.à r.l. was sold to Capella UK Bidco 1 Limited and as part of this transaction the Partnership's bank loans were repaid in full, and was financed via intercompany debt, using proceeds from the debt facility. On 14 May 2020 the Partnership became part of a debt facility with Capella UK Bidco 1 Limited of which it is considered to be a guarantor and obligor and can therefore be liable to claims of the lenders.

Future Developments

The General Partners expect the Partnership will continue to operate in its current capacity for the foreseeable future.

For and on behalf of the Partnership

DocuSigned by:
James Mortimer
EFE8CFE7A4BE48D
James Neil Mortimer
For and on behalf of iQ Shoreditch (General Partner) Limited
For and on behalf of iQ Shoreditch (General Partner 2) Limited

25 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IQ SHOREDITCH PROPERTY LIMITED PARTNERSHIP

Opinion

We have audited the financial statements of iQ Shoreditch Property Limited Partnership for the year ended 30 September 2021 which comprise Statement of Profit and Loss, Statement of Financial Position, Statement of Changes in Partners' Interests and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

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 qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the qualifying partnership's ability to continue as a going concern for a period to 31 March 2023.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

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

- the information given in the Strategic Report and the General Partners' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the General Partners' Report have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report and the General Partners' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Statement of General Partners' responsibilities set out on page 2 the members 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 members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the qualifying partnership and determined that the most significant are those that relate to FRS 101, Companies Act 2006, and the relevant tax regulations in the United Kingdom, including the UK REIT regulations,
- We understood how the qualifying partnership is complying with those frameworks by making enquiries of management and those charged with governance. We then assessed the culture of honesty and ethical behaviour in the qualifying partnership, and the processes in place to reward such behaviour and reprimand behaviour not in keeping with these values. We corroborated our inquiries through inspection of the iQ group policies, board minutes and through inspection of whistleblowing reports made to the qualifying partnership's ethics hotline during the year.
- We assessed the susceptibility of the qualifying partnership's financial statements to material misstatement, including how fraud might occur by challenging where fraud is most likely to occur. This included understanding how management is incentivised and where there maybe opportunities to perpetrate fraud, for example, through manipulation of fair value estimates.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved identifying any instances of management override of controls through inquiry with those charged with governance and employees in the business and through testing of manual journal entries exhibiting higher risk criteria and inspecting the documentation supporting those journal entries to challenge whether the transaction was genuine. We performed testing over the process over fair value estimates to identify any instances where undue pressure was placed on third party specialists to value the qualifying partnership's assets in a way that does not comply with United Kingdom Generally Accepted Accounting Practice, and whether inaccurate underlying data was provided to the specialists which would misstate valuation conclusions. We also made formal inquiries of the qualifying partnership's in house legal counsel and inspected minutes of meetings to identify non-compliance.

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

Use of our report

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Ernst & Young LLP

Graeme Downes (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

28 March 2022

iQ Shoreditch Property Limited Partnership **Limited Partnership Registration No. LP014919**

Statement of Profit and Loss

For the year ended 30 September 2021

	Note	Year ended 30-Sep-21 £'000	Year ended 30-Sep-20 £'000
Revenue	3	162	6,977
Cost of sales		(8)	(20)
Gross profit		**154**	**6,957**
Administrative expenses		(98)	(318)
Operating profit	4	**56**	**6,639**
Revaluation of investment properties		16,740	(9,733)
Profit/(loss) on ordinary activities before interest		**16,796**	**(3,094)**
Interest receivable and similar income	6	-	1
Interest payable and similar charges	7	(3,484)	(5,877)
Profit/(loss) for the year		**13,312**	**(8,970)**

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

The notes on pages 11 to 21 form an integral part of these financial statements.

iQ Shoreditch Property Limited Partnership **Limited Partnership Registration No. LP014919**
Statement of Financial Position
As at 30 September 2021

	Note	As at 30-Sep-21 £'000	As at 30-Sep-20 £'000
Fixed assets			
Investment Properties	8	285,876	263,475
Investments	9	-	-
Current assets			
Trade and other receivables	10	31,417	36,915
Cash and cash equivalents	11	27	-
Total current assets		**31,444**	**36,915**
Total assets		**317,320**	**300,390**
Creditors - amounts falling due within one year	12	(8,054)	(4,906)
Net current assets		**23,390**	**32,009**
Creditors - amounts falling due after one year	13	(149,844)	(149,374)
Net assets		**159,422**	**146,110**
Represented by:			
Partners' capital	14	-	-
Partners' loans	14	1,009	1,009
Retained earnings	14	158,413	145,101
Partners' interests		**159,422**	**146,110**

The financial statements on pages 8 to 10 and the accompanying notes on pages 11 to 21 were approved by the General Partners and authorised for issue on 25 March 2022 and are signed on its behalf by:

DocuSigned by:
James Mortimer
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James Neil Mortimer
For and on behalf of iQ Shoreditch (General Partner) Limited
For and on behalf of iQ Shoreditch (General Partner 2) Limited

iQ Shoreditch Property Limited Partnership **Limited Partnership Registration No. LP014919**

Statement of Changes in Partner's Interests

For the year ended 30 September 2021

	Partners' capital	Partners' loans	Fair value swap reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2019	-	1,009	(1,516)	155,604	155,097
Year ended 30 September 2020:					
Loss for the year	-	-	-	(8,970)	(8,970)
Fair value swap movement and repayment	-	-	1,516	(1,533)	(17)
Balance at 30 September 2020	-	**1,009**	-	**145,101**	**146,110**
Year ended 30 September 2021:					
Profit for the year	-	-	-	13,312	13,312
Balance at 30 September 2021	-	**1,009**	-	**158,413**	**159,422**

The notes on pages 11 to 21 form an integral part of these financial statements.

1. General information

The principal activities of the Partnership are described in the Strategic Report. The Partnership is incorporated in the United Kingdom. The Partnership is exempt, by virtue of section 400, of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Partnership as an individual undertaking and not about it as a Parent Company. The Partnership is an indirect wholly owned subsidiary of IQSA Holdco Limited, incorporated and registered in Jersey.

2. Significant accounting policies

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

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention, except for measurement of investment properties which are stated at fair value and other appropriate methods stated in the below notes. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.1.1.

The accounting policies which follow set out these policies which apply in preparing the financial statements for the year ended 30 September 2021.

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

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

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

- The following paragraphs of IFRS 16 , 'Leases':
  89 (lessor disclosures finance and operating leases)

- Paragraphs 91 to 99 of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

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

2.1.1 Critical accounting estimates and assumptions

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

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

- Investment property

Investments in property are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. The Partners employed professional valuers CBRE Limited ("CBRE") to perform valuations of the investment property using Royal Institute of Chartered Surveyors ("RICS") valuation standards as at 30 September 2021. In arriving at their estimate of market value the valuers used their market knowledge and professional judgement and did not rely solely on comparable historical transactions. There is an inherent degree of uncertainty when using professional judgement in estimating the market values of investment property.

Since 2017, the UK government has undertaken a wholesale review of building safety and fire regulations in the UK, with the introduction of the Fire Safety Act 2021 and the proposed Building Safety Bill which is expected to become law during 2023. In addition, the Building (Amendment) Regulations 2018 imposed a ban on the use of combustible materials in the external walls of new buildings over 18 metres high. In relation to existing buildings, the government has withdrew its consolidated advice note for building owners of high-rise buildings on 11 January 2022 and PAS9980 was issued by British Standards Institution ("BSI") which gives guidance on the approach to risk assessment of facades. Whilst the Group has worked closely with fire risk assessors, its Primary Authority, Greater Manchester Fire & Rescue Services and local Fire & Rescue Services to ensure that all its properties remain safe to occupy, should any of the Group's properties in due course be considered to be unsafe, it would materially affect the investment property valuations.

2. Significant accounting policies (continued)

2.1.1 Critical accounting estimates and assumptions (continued)

In response to changing regulation, the Group has established the Building Improvement Programme ("BIP"), staffed by a dedicated team to review the condition of all the entire portfolio and oversee remediation projects as appropriate. The Group has engaged a series of expert fire and façade engineers, together with other specialist surveyors to advise the Group as to the extent and prioritisation of remedial works across the portfolio. The BIP commenced in 2019 and is expected to be a multi-year programme. Owing to the nature of works involved, and the complexity in estimating the remedial work required and associated future costs to complete, this is considered a critical accounting judgement as forecast costs are included as a deduction in the Investment Property valuation. The estimated costs for BIP have been primarily based on third party surveys of the individual properties and represents management's best estimate of the cost to remediate at this time until there is further clarity as to the scope of any remedial works which may be required.

The significant assumptions used by the valuers in estimating the fair value of investment property include rental income, NIY, occupancy rates, rental growth, operating costs and BIP deductions These are further detailed within the Group accounts.

2.1.2 Going concern

The General Partners consider it reasonable to adopt the going concern basis in preparing the financial statements for the year ended 30 September 2021. The Partnership is reliant on a letter of support from IQSA Holdco Limited ("The Group"), owing to the fact it has forecast net cash outflows for the period to 31 March 2023 (the "Relevant Period"). The Partnership has received confirmation that the Group intends to support the Partnership for the Relevant Period.

In assessing the ability of the Group to provide this support, the directors of the Group have prepared a going concern assessment for the Group which considered two scenarios, a "base case" and a "severe but plausible downside scenario" for the Relevant Period.

Under the base case, the Group remains in a positive cash position for the existing operating business throughout the Relevant period. There is also sufficient headroom within the cash trap funds to mitigate against further downside due to Covid-19 or other factors. Under the severe but plausible downside scenario, the Group remains in cash trap for the remainder of the going concern review period with the liquidity requirements of the existing operating ring-fenced assets met through funds generated within the debt facilities.

2. Significant accounting policies (continued)

2.1.2 Going concern (continued)

A capped letter of support for (£66.1m) has been provided by the Group's shareholders to fund committed acquisition and development cash requirements outside of the existing operating sites and hence outside of the cash trap. This letter of support contains a number of conditions which the Directors have assessed as either being within their control, or where these are outside their control the Directors' have assessed that they have a remote chance of occurring, and as such the Directors have concluded that they can rely on this support being provided as required over the Relevant Period. As a result of this assessment, the Directors have concluded that the Group has sufficient free cash not trapped within the Group's debt facilities to meet the Company's liquidity requirements for the Relevant Period.

In addition, the Group's shareholders have confirmed that any repayment terms related to current or future shareholder loans between the Group (as borrower) and the shareholder (as lender), will be extended for a further period or periods such that they do not require repayment within the Relevant Period.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the General Partners have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the Relevant Period, being the period to 31 March 2023.

2.1.3 New standards, amendment and IFRIC interpretations

At the date of authorisation of these financial statements, the Partnership has elected to adopt the following new and revised IFRS's that have become effective for financial years commencing on or after 1 January 2020:

Amendments to IFRS 7 (Financial Instruments: Disclosures), IFRS 9 (Financial Instruments) and IFRS 16 (Leases). The amendments are related to the replacement issues in the context of the IBOR reform. The Partnership has completed its transition to the IBOR reform in the year, with floating rate debt facilities moving from LIBOR to SONIA.

2.2 Trade and other receivables

Trade and other receivables are recognised at fair value less expected credit losses. The credit loss model applies the simplified approach, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

2.3 Cash and cash equivalents

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

2.4 Distribution to Partners

The profits of the Partnership is distributed at such time as the Partners determine in accordance with the Limited Partnership agreement.

2. Significant accounting policies (continued)

2.5 Creditors

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

2.6 Revenue recognition

Revenue is derived form a turnover lease agreement with iQ Shoreditch Letting Property Limited Partnership ("the Operating Partnership") within the scope of IFRS 16 Leases. Under the terms of the lease the Partnership is entitled to its share of the Operating Partnership's net operating income, which is accounted for as rental income and is recognised on a systematic basis.

The Partnership recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Partnership's activities under IFRS 16 Leases.

2.7 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The Partnership assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Partnership is a lessor in an operating lease. Properties leased under operating leases are included in investment property in the statement of financial position.

2.8 Investment properties

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

After initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date, with unrealised gains and losses recognised in the statement Profit and Loss. The Partnership's policy is to engage qualified Chartered Surveyors to perform the annual valuation of the Partnership's investment property at the balance sheet date, details of the valuation technique used are outlined in Note 8.

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

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

3 Revenue

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

Analysis of revenue by category	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Rental income - turnover lease	155	6,972
Rental income - commercial	5	5
Other ancillary income	2	-
	162	6,977

Rental Income is primarily derived through a turnover lease agreement with the Operating Partnership, and all rental income arises from investment properties the Partnership owns.

Rental income is lower than a typical academic year in both the current and previous year owing to lower occupancy rates and higher voids driven by Covid-19, deferred start dates were also offered in the prior year. Additionally, the Group offered a 14-week rent rebate in the spring to those students who could not access their accommodation due to the lockdown restrictions imposed by the UK government in January 2021. This resulted in both lower collections of rent and rent refunds by the Operating Partnership.

4 Operating result

	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Operating result before taxation is stated after charging:		
Auditors' remuneration (Audit services only)	6	6
Write-off of amounts owed by group undertakings	-	232

Amounts owed by group undertakings were written-off in the prior year as they were not deemed recoverable. No amounts were written off this year or (2020: £232,229) due at the point of write-off, the treatment of which is set out in Note 10.

5 Employees and General Partners

No staff members were directly employed by the entity during the year (2020: no staff).

General Partners are paid by other entities in the Group and recharged accordingly across entities in the Group. There were no emoluments recharged or paid directly from the Partnership in the year, including that paid by other companies in the Group on behalf of the Partnership (2020: no emoluments).

6 Interest receivable and similar income

	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Other interest receivable	-	1

7 Interest payable and similar charges

	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Interest payable on bank loans	-	2,797
Interest payable on loan with group undertakings	3,015	1,239
Loan arrangement costs	-	178
Amortisation of loan costs	469	1,598
Revaluation of derivative financial assets	-	65
	3,484	5,877

8 Investment properties

	Investment Properties £'000
Net book value at 1 October 2019	265,130
Capital expenditure	8,078
Loss on revaluation	(9,733)
Net book value at 30 September 2020	263,475
Net book value at 1 October 2020	263,475
Capital expenditure	5,661
Gain on revaluation	16,740
Net book value at 30 September 2021	285,876

The valuation technique for student accommodation investment properties is primarily based on Direct capitalisation approach Net Initial Yield ("NIY") investment methodology, to calculate a fair value for each operational asset which adopts a ten-year cash flow period. Where a property has nomination agreements, the assumption is that the property will achieve market rent at the end of its nomination agreement, a yield adjustment is also made where required due to the length of the agreement. A low occupancy shortfall is also factored into the valuation as a one-off capital deduction for properties with low occupancy levels during the period as a result of Covid-19 and ongoing refurbishments. Occupancy levels are subsequently assumed to return to normal levels from 2022/23. There has also been a one-off capital deduction for forecast BIP works. The assumptions used to determine total estimated costs is a significant judgement. Specialists have therefore been engaged to assist with this assessment, including surveys which have been performed at each site, some of these have been visual in nature.

8 Investment properties (continued)

CBRE takes into account property-specific information such as current tenancy agreements, rents achieved and market rents, operating costs and capital expenditure. Significant estimates made by the valuer include, but are not limited to, expected rental growth, occupancy rates, expected operating cost, yield and discount rates. This valuation methodology is market standard and accords with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards UK 2020. A discounted cash flow ("DCF") has been undertaken as a second approach to cross check the NIY and GDV methodology and to sense check the internal rate of return ("IRR") with the following key inputs: net operating income ("NOI") (total revenue from the property less operating costs directly related to the property), future rental growth, expected occupancy rates, tenancy length, and net initial and exit yield. Key considerations in the rental growth, applied include current rental and occupancy rate. Where the factors indicate a different level of likely rental growth for a particular asset, the cash flow is adjusted accordingly. For all investment properties the valuation assumes the highest and best use.

Following the Grenfell fire and new Government advice issued as a result of this, the Partnership has undertaken a significant fire remediation programme, the BIP. The BIP programme is progressing in various stages. Removal of Aluminium Composite Material ("ACM") across the portfolio is complete and remediation of buildings with High-Pressure Laminate ("HPL") cladding is well advanced. The remedial works to properties whose facades include other types of materials not of limited combustibility ("MNLC") is at an early stage, and will be reviewed in light of evolving regulation. There remains a risk that the total forecast costs could differ from the current estimate as the programme progresses.

Owing to the nature of works involved, and the complexity in estimating the remedial work required and associated future costs to complete, this is considered a critical accounting judgement as forecast costs are included as a deduction in the Investment Property valuation.

9 Investments

	Shares in group participating interests £
Cost	
At 1 October 2020 & at 30 September 2021	1
Net book value	
At 1 October 2020 & at 30 September 2021	1

Details of the investments for the Partnership are as follows:

Name of company	Percentage of shareholding	Registered address
Corsham Street Student 1 Limited (UK)	100%	7th Floor Cottons Centre, Cottons Lane, UK, SE1 2QG

10 Trade and other receivables

	30-Sep-21	30-Sep-20
	£'000	£'000
Trade receivables	1	4
Amounts owed by group undertakings	31,414	36,909
Prepayments and accrued income	2	2
	31,417	36,915

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

Amounts owed by group undertakings, were written-off in the previous year as they were not deemed recoverable. Amounts owed of £232,229 were due at the point of write-off. This has been recognised as an administrative expense in the 2020 Statement of Profit and Loss.

11 Cash and cash equivalents

	30-Sep-21	30-Sep-20
	£'000	£'000
Cash at bank and in hand	27	-

12 Creditors - amounts falling due within one year

	30-Sep-21	30-Sep-20
	£'000	£'000
Amounts owed to group undertakings	3,309	3,113
Trade payables	226	323
Taxation and social security	5	5
Deferred income and accruals	261	226
Interest payable to group undertakings	4,253	1,239
	8,054	4,906

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

Included within Deferred income and accruals figure is advance payments of turnover income received, not recognised as income until earned.

The Partnership has an agreement with Revantage Corporate Services LLC to provide the Partnership's corporate administrative services in relation to the Groups subsidiaries incorporated in both Luxembourg and Jersey.

13 Creditors - amounts falling due after one year

	30-Sep-21 £'000	30-Sep-20 £'000
Amounts owed to group undertakings	149,844	149,374
	149,844	149,374

On 15 May 2020 the Group entered into a loan agreement. On this date the Company received funding from its indirect Shareholder Capella UK Bidco 1 Limited under an Interest-Bearing Loan ("IBL"). The principal for the IBL was for £149,427,965 and the maturity of the loan is 15 May 2025. The IBL interest rate was updated from the LIBOR to the SONIA rate on 16 August 2021 and bears interest at SONIA plus a lenders margin of 175 BPS and an additional internal margin of 15 BPS. At 30 September 2021 the principal amount of the IBL is £151,545,900 less loan fees of £1,702,354 (2020: £151,545,900 less loan fees of £2,171,452) and is classified as a non-current liability with the principal due on maturity. The loan fees are amortised over the 5 years.

14 Partners' interests

	iQ Shoreditch (General Partner) Limited £'000	iQ Shoreditch (General Partner 2) Limited £'000	iQ Shoreditch Unit Trust £'000	Total £'000
Partners' capital	-	-	-	-
Partners' loans	-	-	1,009	1,009
	-	-	1,009	1,009

Both General Partners have issued share capital of £1 and the iQ Shoreditch Unit Trust has issued share capital of £109,200 in the form of a Partner loan as at 30 September 2021. The Partners' loan is interest free and repayable on demand.

Retained earnings includes all current and prior period retained profits and losses.

15 Contingent liabilities and capital commitments

In addition, on 14 May 2020 the Group entered into a debt facility, totalling £2,190m. The Partnership, along with other entities in the Group, acts as a guarantor and obligor and could be liable to settle some or all of the drawn facility in the event of default. At the year ended 30 September 2021 the principal balance of the facility was £2,265m.

iQ Shoreditch Letting Property Partnership, an affiliated Partnership in the Group, manage and rent the properties owned by the Partnership during the year. The Partnership earns 99% of the income less operating costs that will arise from lettings of the investment property.

16 Ultimate controlling party

At 30 September 2021, the Partnership was owned 99.95% by the iQ Shoreditch Unit Trust, 0.025% by iQ Shoreditch (General Partner) Limited and 0.025% by iQ Shoreditch (General Partner 2) Limited.

IQSA Holdco Limited, having its registered office at 44 Esplanade St Helier Jersey JE4 9WG, is the parent company into which the Partnership's financial statements are consolidated. Copies of the Group's Consolidated accounts are available from The International Stock Exchange, Guernsey.

On 15 May 2020, the previous head of the group, IQSA Holdings S.à r.l., was acquired by Capella UK Bidco 1 Limited, a wholly owned subsidiary of IQSA Holdco Limited. This resulted in new ultimate shareholders of the Group which are investment funds advised by affiliates of The Blackstone Group Inc.

17 Subsequent events

There have been no significant events since the year end.

Limited Partnership Registration No. LP014921

iQ Two Property Limited Partnership

General Partners' Report and Financial Statements

For the year ended 30 September 2021

Contents

The General Partners present their Report, the Strategic Report and the audited financial statements for iQ Two Property Limited Partnership ("the Partnership") for the year ended 30 September 2021.

Principal activities

The Partnership is incorporated in the United Kingdom. It's principal activity is to invest in student accommodation and hold them for capital appreciation and to earn rental income. Some of the properties include a commercial element. The Partnership and its other affiliated companies are subsidiaries of IQSA Holdco Limited ("the Group"), incorporated, registered in Jersey and listed on The International Stock Exchange in Guernsey.

Partners

The Partners who were in office during the year and up to the date of signing the financial statements were:

iQ Two (General Partner) Limited - General Partner
iQ Two (General Partner 2) Limited - General Partner
iQ Unit Trust - Limited Partner

Change in ownership

On 15 May 2020, the previous head of the group, IQSA Holdings S.à r.l., was acquired by Capella UK Bidco 1 Limited, a wholly owned subsidiary of IQSA Holdco Limited. This resulted in new ultimate shareholders of the Group which are investment funds advised by affiliates of The Blackstone Group Inc.

Financial risk management

Credit risk

Credit risk occurs when a counterparty to a financial instrument fails to discharge an obligation to the Partnership. It may occur through receivables, or cash and cash equivalents held at banks. The Partnership's receivables relate principally to amounts due from other affiliated companies. Management monitors the ability of these companies to meet their obligations on an ongoing basis. Expected credit loss has been calculated as outlined in Note 2.2.

Interest rate risk

The Partnership finances its operations with cash generated by operations, short term intercompany advances that are interest free and interest bearing shareholder IBL loans ("IBL loans") and is therefore exposed to interest rate risk on these loans. The Partnership mitigates this risk through fixed interest rate arrangements. Interest on old loans were managed through interest rate hedging, with all loans being settled throughout the prior year. Currently, the Partnership only holds fixed interest intercompany loans.

Liquidity and cash flow risk

The Partnership finances its operations with cash generated by operations, and intercompany advances. Management monitors the risk through rolling forecasts based on expected cash flows on a regular basis and any shortfall, if identified, is then funded through intercompany loans.

Political donations

The Partnership has not made any political donations during the year (2020: £nil).

Independent auditors

The General Partners of the Partnership resolved to reappoint Ernst & Young LLP as independent auditors of the Partnership.

Registered office

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

Statement of General Partners' responsibilities

The General Partners are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK laws and regulation.

Company law requires the General Partners to prepare financial statements for each financial year. Under that law the General Partners have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable UK law).

Under company law the General Partners 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 qualifying partnership and of the profit or loss of the qualifying partnership for that period.

In preparing the financial statements, the General Partners are required to:
- Select suitable accounting policies and then apply them consistently.
- State whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the qualifying partnership will continue in business.

The General Partners are also responsible for safeguarding the assets of the qualifying partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

General Partners' confirmations as to disclosure of information to auditors

To the best of General Partners' knowledge and belief, there is no relevant audit information of which the Partnership's auditors are unaware.

The General Partners have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Going Concern

The General Partners consider it reasonable to adopt the going concern basis in preparing the financial statements for the year ended 30 September 2021. The Partnership is reliant on a letter of support from IQSA Holdco Limited ("The Group"), owing to the fact it has forecast net cash outflows for the period to 31 March 2023 (the "Relevant Period"). The Partnership has received confirmation that the Group intends to support the Partnership for the Relevant Period.

In assessing the ability of the Group to provide this support, the directors of the Group have prepared a going concern assessment for the Group which considered two scenarios, a "base case" and a "severe but plausible downside scenario" for the Relevant Period.

Under the base case, the Group remains in a positive cash position for the existing operating business throughout the Relevant period. There is also sufficient headroom within the cash trap funds to mitigate against further downside due to Covid-19 or other factors. Under the severe but plausible downside scenario, the Group remains in cash trap for the remainder of the going concern review period with the liquidity requirements of the existing operating ring-fenced assets met through funds generated within the debt facilities.

A capped letter of support for (£66.1m) has been provided by the Group's shareholders to fund committed acquisition and development cash requirements outside of the existing operating sites and hence outside of the cash trap. This letter of support contains a number of conditions which the Directors have assessed as either being within their control, or where these are outside their control the Directors' have assessed that they have a remote chance of occurring, and as such the Directors have concluded that they can rely on this support being provided as required over the Relevant Period. As a result of this assessment, the Directors have concluded that the Group has sufficient free cash not trapped within the Group's debt facilities to meet the Partnership's liquidity requirements for the Relevant Period.

In addition, the Group's shareholders have confirmed that any repayment terms related to current or future shareholder loans between the Group (as borrower) and the shareholder (as lender), will be extended for a further period or periods such that they do not require repayment within the Relevant Period.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the General Partners have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the Relevant Period, being the period to 31 March 2023.

Subsequent events

There have been no significant events since the year end.

For and on behalf of the General Partners.

DocuSigned by:
James Mortimer
EEE8CFE7A4BE48D
James Neil Mortimer
For and on behalf of iQ Two (General Partner) Limited
For and on behalf of iQ Two (General Partner 2) Limited

25 March 2022

Review of the business

The principal activity of the Partnership is to invest in student accommodation, and hold them for capital appreciation and to earn rental income. Some properties include a commercial element.

The Partnership has performed in line with the expectations set at the beginning of the year. The set expectations include an allowance for the global pandemic declared in March 2020. The effects from the pandemic include a reduction in occupancy levels and rent rebates in the spring to those students who could not access their accommodation due to the lockdown restrictions imposed by the UK government. This has resulted in a reduction in overall revenue for the 2021 financial year compared to the pre-pandemic revenue levels.

Key Financial highlights

The headline financial performance and position of the Partnership for the year ended 30 September 2021 is as follows:

	2021	**2020**
	£'000	**£'000**
Total revenue	4,611	11,556
Profit/(loss) before interest	6,958	(6,972)
Net assets	110,452	108,860

Principal Risks and Uncertainties

The principal risk factor that affects the Partnership's performance is the impact on student accommodation occupancy of COVID-19. The risks are discussed further in the Group financial statements. Copies of the Group's Consolidated accounts are available from The International Stock Exchange, Guernsey.

Financing structure

During the 2020 year end IQSA Holdings S.à r.l. was sold to Capella UK Bidco 1 Limited and as part of this transaction the Partnership's bank loans were repaid in full, and was financed via intercompany debt, using proceeds from the debt facility. On 14 May 2020 the Partnership became part of a debt facility with Capella UK Bidco 1 Limited of which it is considered to be a guarantor and obligor and can therefore be liable to claims of the lenders.

Future Developments

The General Partners expect the Partnership will continue to operate in its current capacity for the foreseeable future.

For and on behalf of the Partnership

DocuSigned by:
James Mortimer
EEE9CFE7A4BE48D...
James Neil Mortimer
For and on behalf of iQ Two (General Partner) Limited
For and on behalf of iQ Two (General Partner 2) Limited

25 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IQ TWO PROPERTY LIMITED PARTNERSHIP

Opinion

We have audited the financial statements of iQ Two Property Limited Partnership for the year ended 30 September 2021 which comprise Statement of Profit and Loss, Statement of Financial Position, Statement of Changes in Partners' Interests and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

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 qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the qualifying partnership's ability to continue as a going concern for a period to 31 March 2023.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

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

- the information given in the Strategic Report and the General Partners' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the General Partners' Report have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report and the General Partners' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Statement of General Partners' responsibilities set out on page 2, the members 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 members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the qualifying partnership and determined that the most significant are those that relate to FRS 101, Companies Act 2006, and the relevant tax regulations in the United Kingdom, including the UK REIT regulations,
- We understood how the qualifying partnership is complying with those frameworks by making enquiries of management and those charged with governance. We then assessed the culture of honesty and ethical behaviour in the qualifying partnership, and the processes in place to reward such behaviour and reprimand behaviour not in keeping with these values. We corroborated our inquiries through inspection of the iQ group policies, board minutes and through inspection of whistleblowing reports made to the qualifying partnership's ethics hotline during the year.
- We assessed the susceptibility of the qualifying partnership's financial statements to material misstatement, including how fraud might occur by challenging where fraud is most likely to occur. This included understanding how management is incentivised and where there maybe opportunities to perpetrate fraud, for example, through manipulation of fair value estimates.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved identifying any instances of management override of controls through inquiry with those charged with governance and employees in the business and through testing of manual journal entries exhibiting higher risk criteria and inspecting the documentation supporting those journal entries to challenge whether the transaction was genuine. We performed testing over the process over fair value estimates to identify any instances where undue pressure was placed on third party specialists to value the qualifying partnership's assets in a way that does not comply with United Kingdom Generally Accepted Accounting Practice, and whether inaccurate underlying data was provided to the specialists which would misstate valuation conclusions. We also made formal inquiries of the qualifying partnership's in house legal counsel and inspected minutes of meetings to identify non-compliance.

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

Use of our report

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ernst & Young LLP
888FBEF8441A4D9

Graeme Downes (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

28 March 2022

	Note	Year ended 30-Sep-21 £'000	Year ended 30-Sep-20 £'000
Revenue	3	4,611	11,556
Cost of sales		(36)	(56)
Gross profit		**4,575**	**11,500**
Administrative expenses		(130)	(171)
Operating profit	4	**4,445**	**11,329**
Revaluation of investment properties		2,513	(18,301)
Profit/(loss) on ordinary activities before interest		**6,958**	**(6,972)**
Interest receivable and similar income	6	-	5
Interest payable and similar charges	7	(5,366)	(9,576)
Profit/(loss) for the year		**1,592**	**(16,543)**

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

The notes on pages 11 to 20 form an integral part of these financial statements.

iQ Two Property Limited Partnership **Limited Partnership Registration No. LP014921**
Statement of Financial Position
As at 30 September 2021

	Note	As at 30-Sep-21 £'000	As at 30-Sep-20 £'000
Fixed assets			
Investment Properties	8	339,200	318,540
Current assets			
Trade and other receivables	9	29,229	35,269
Cash and cash equivalents	10	2,287	89
Total current assets		**31,516**	**35,358**
Total assets		**370,716**	**353,898**
Creditors - amounts falling due within one year	11	(24,936)	(10,356)
Net current assets		**6,580**	**25,002**
Creditors - amounts falling due after one year	12	(235,328)	(234,682)
Net assets		**110,452**	**108,860**
Represented by:			
Partners' capital	13	-	-
Partners' loans	13	14,296	14,296
Retained earnings	13	96,156	94,564
Partners' interests		**110,452**	**108,860**

The financial statements on pages 8 to 10 and the accompanying notes on pages 11 to 20 were approved by the General Partners and authorised for issue on 25 March 2022 and are signed on its behalf by:

DocuSigned by:
James Mortimer
EEE9CFE7A4BE48D...

James Neil Mortimer
For and on behalf of iQ Two (General Partner) Limited
For and on behalf of iQ Two (General Partner 2) Limited

iQ Two Property Limited Partnership — **Limited Partnership Registration No. LP014921**

Statement of Changes in Partner's Interests

For the year ended 30 September 2021

	Partners' capital	Partners' loans	Fair value swap reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2019	-	14,296	(2,087)	113,218	125,427
Year ended 30 September 2020:					
Loss for the year	-	-	-	(16,543)	(16,543)
Fair value swap movement and repayment	-	-	2,087	(2,111)	(24)
Balance at 30 September 2020	**-**	**14,296**	**-**	**94,564**	**108,860**
Year ended 30 September 2021:					
Profit for the year	-	-	-	1,592	1,592
Balance at 30 September 2021	**-**	**14,296**	**-**	**96,156**	**110,452**

The notes on pages 11 to 20 form an integral part of these financial statements.

1. General information

The principal activities of the Partnership are described in the Strategic Report. The Partnership is incorporated in the United Kingdom. The Partnership is an indirect wholly owned subsidiary of IQSA Holdco Limited, incorporated and registered in Jersey.

2. Significant accounting policies

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

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention, except for measurement of investment properties which are stated at fair value and other appropriate methods stated in the below notes. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.1.1.

The accounting policies which follow set out these policies which apply in preparing the financial statements for the year ended 30 September 2021.

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

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

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

- The following paragraphs of IFRS 16 , 'Leases':
  89 (lessor disclosures finance and operating leases)

- Paragraphs 91 to 99 of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, relevant disclosures are given in the Group financial statements of IQSA Holdco Limited. Copies of the consolidated financial statements are publicly available, as outlined in Note 15.

2.1.1 Critical accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date. The resulting accounting estimates will, by definition seldom equal the related actual results. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- Investment property

Investments in property are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. The Partners employed professional valuers CBRE Limited ("CBRE") to perform valuations of the investment property using Royal Institute of Chartered Surveyors ("RICS") valuation standards as at 30 September 2021. In arriving at their estimate of market value the valuers used their market knowledge and professional judgement and did not rely solely on comparable historical transactions. There is an inherent degree of uncertainty when using professional judgement in estimating the market values of investment property.

Since 2017, the UK government has undertaken a wholesale review of building safety and fire regulations in the UK, with the introduction of the Fire Safety Act 2021 and the proposed Building Safety Bill which is expected to become law during 2023. In addition, the Building (Amendment) Regulations 2018 imposed a ban on the use of combustible materials in the external walls of new buildings over 18 metres high. In relation to existing buildings, the government has withdrew its consolidated advice note for building owners of high-rise buildings on 11 January 2022 and PAS9980 was issued by British Standards Institution ("BSI") which gives guidance on the approach to risk assessment of facades. Whilst the Group has worked closely with fire risk assessors, its Primary Authority, Greater Manchester Fire & Rescue Services and local Fire & Rescue Services to ensure that all its properties remain safe to occupy, should any of the Group's properties in due course be considered to be unsafe, it would materially affect the investment property valuations.

2. Significant accounting policies (continued)
2.1.1 Critical accounting estimates and assumptions (continued)

In response to changing regulation, the Group has established the Building Improvement Programme ("BIP"), staffed by a dedicated team to review the condition of all the entire portfolio and oversee remediation projects as appropriate. The Group has engaged a series of expert fire and façade engineers, together with other specialist surveyors to advise the Group as to the extent and prioritisation of remedial works across the portfolio. The BIP commenced in 2019 and is expected to be a multi-year programme. Owing to the nature of works involved, and the complexity in estimating the remedial work required and associated future costs to complete, this is considered a critical accounting judgement as forecast costs are included as a deduction in the Investment Property valuation. The estimated costs for BIP have been primarily based on third party surveys of the individual properties and represents management's best estimate of the cost to remediate at this time until there is further clarity as to the scope of any remedial works which may be required.

The significant assumptions used by the valuers in estimating the fair value of investment property include rental income, NIY, occupancy rates, rental growth, operating costs and BIP deductions These are further detailed within the Group accounts.

2.1.2 Going concern

The General Partners consider it reasonable to adopt the going concern basis in preparing the financial statements for the year ended 30 September 2021. The Partnership is reliant on a letter of support from IQSA Holdco Limited ("The Group"), owing to the fact it has forecast net cash outflows for the period to 31 March 2023 (the "Relevant Period"). The Partnership has received confirmation that the Group intends to support the Partnership for the Relevant Period.

In assessing the ability of the Group to provide this support, the directors of the Group have prepared a going concern assessment for the Group which considered two scenarios, a "base case" and a "severe but plausible downside scenario" for the Relevant Period.

Under the base case, the Group remains in a positive cash position for the existing operating business throughout the Relevant period. There is also sufficient headroom within the cash trap funds to mitigate against further downside due to Covid-19 or other factors. Under the severe but plausible downside scenario, the Group remains in cash trap for the remainder of the going concern review period with the liquidity requirements of the existing operating ring-fenced assets met through funds generated within the debt facilities.

A capped letter of support for (£66.1m) has been provided by the Group's shareholders to fund committed acquisition and development cash requirements outside of the existing operating sites and hence outside of the cash trap. This letter of support contains a number of conditions which the Directors have assessed as either being within their control, or where these are outside their control the Directors' have assessed that they have a remote chance of occurring, and as such the Directors have concluded that they can rely on this support being provided as required over the Relevant Period. As a result of this assessment, the Directors have concluded that the Group has sufficient free cash not trapped within the Group's debt facilities to meet the Partnership's liquidity requirements for the Relevant Period.

2. Significant accounting policies (continued)

2.1.2 Going concern (continued)

In addition, the Group's shareholders have confirmed that any repayment terms related to current or future shareholder loans between the Group (as borrower) and the shareholder (as lender), will be extended for a further period or periods such that they do not require repayment within the Relevant Period.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the General Partners have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the Relevant Period, being the period to 31 March 2023.

2.1.3 New standards, amendment and IFRIC interpretations

At the date of authorisation of these financial statements, the Partnership has elected to adopt the following new and revised IFRS's that have become effective for financial years commencing on or after 1 January 2020:

Amendments to IFRS 7 (Financial Instruments: Disclosures), IFRS 9 (Financial Instruments) and IFRS 16 (Leases). The amendments are related to the replacement issues in the context of the IBOR reform. The Partnership has completed its transition to the IBOR reform in the year, with floating rate debt facilities moving from LIBOR to SONIA.

2.2 Trade and other receivables

Trade and other receivables are recognised at fair value less expected credit losses. The credit loss model applies the simplified approach, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

2.3 Cash and cash equivalents

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

2.4 Distribution to Partners

The profits of the Partnership is distributed at such time as the Partners determine in accordance with the Limited Partnership agreement.

2.5 Creditors

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

2. Significant accounting policies (continued)

2.6 Revenue recognition

Revenue is derived form a turnover lease agreement with iQ Shoreditch Letting Property Limited Partnership ("the Operating Partnership") within the scope of IFRS 16 Leases. Under the terms of the lease the Partnership is entitled to its share of the Operating Partnership's net operating income, which is accounted for as rental income and is recognised on a systematic basis.

The Partnership recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Partnership's activities under IFRS 16 Leases.

2.7 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The Partnership assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Partnership is a lessor in an operating lease with the Operating Partnership under a turnover lease agreement. Rental payments are fully variable in nature and do not transfer substantially all the risks and rewards of ownership of the investment properties disclosed in the statement of the financial position. Properties leased under operating leases are included in investment property in the statement of financial position.

2.8 Investment properties

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

After initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date, with unrealised gains and losses recognised in the statement Profit and Loss. The Partnership's policy is to engage qualified Chartered Surveyors to perform the annual valuation of the Partnership's investment property at the balance sheet date, details of the valuation technique used are outlined in Note 8.

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

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

3 Revenue

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

Analysis of revenue by category	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Rental income - turnover lease	4,249	11,249
Rental income - commercial	356	304
Other ancillary income	6	3
	4,611	11,556

Rental Income is primarily derived through a turnover lease agreement with the Operating Partnership, and all rental income arises from investment properties the Partnership owns.

Rental income is lower than a typical academic year in both the current and previous year owing to lower occupancy rates and higher voids driven by Covid-19, deferred start dates were also offered in the prior year. Additionally, the Group offered a 14-week rent rebate in the spring to those students who could not access their accommodation due to the lockdown restrictions imposed by the UK government in January 2021. This resulted in both lower collections of rent and rent refunds by the Operating Partnership.

4 Operating result

	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Operating result before taxation is stated after charging:		
Auditors' remuneration (Audit services only)	6	6

5 Employees and General Partners

No staff members were directly employed by the entity during the year (2020: no staff).

General Partners are paid by other entities in the Group and recharged accordingly across entities in the Group. There were no emoluments recharged or paid directly from the Partnership in the year, including that paid by other companies in the Group on behalf of the Partnership (2020: no emoluments).

6 Interest receivable and similar income

	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Other interest receivable	-	5

7 Interest payable and similar charges

	Year Ended 30-Sep-21 £'000	Year Ended 30-Sep-20 £'000
Interest payable on bank loans	-	3,768
Interest payable on loan with group undertakings	4,720	3,153
Other interest payable	-	1
Loan arrangement costs	-	245
Amortisation of loan costs	646	2,313
Revaluation of derivative financial assets	-	90
Taxation	-	6
	5,366	9,576

8 Investment properties

	Investment Properties £'000
Net book value at 1 October 2019	332,356
Capital expenditure	4,485
Loss on revaluation	(18,301)
Net book value at 30 September 2020	318,540
Net book value at 1 October 2020	318,540
Capital expenditure	18,147
Gain on revaluation	2,513
Net book value at 30 September 2021	339,200

The valuation technique for student accommodation investment properties is primarily based on Direct capitalisation approach Net Initial Yield ("NIY") investment methodology, to calculate a fair value for each operational asset which adopts a ten-year cash flow period. Where a property has nomination agreements, the assumption is that the property will achieve market rent at the end of its nomination agreement, a yield adjustment is also made where required due to the length of the agreement. A low occupancy shortfall is also factored into the valuation as a one-off capital deduction for properties with low occupancy levels during the period as a result of Covid-19 and ongoing refurbishments. Occupancy levels are subsequently assumed to return to normal levels from 2022/23. There has also been a one-off capital deduction for forecast BIP works. The assumptions used to determine total estimated costs is a significant judgement. Specialists have therefore been engaged to assist with this assessment, including surveys which have been performed at each site, some of these have been visual in nature.

8 Investment properties (continued)

CBRE takes into account property-specific information such as current tenancy agreements, rents achieved and market rents, operating costs and capital expenditure. Significant estimates made by the valuer include, but are not limited to, expected rental growth, occupancy rates, expected operating cost, yield and discount rates. This valuation methodology is market standard and accords with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards UK 2020. A discounted cash flow ("DCF") has been undertaken as a second approach to cross check the NIY and GDV methodology and to sense check the internal rate of return ("IRR") with the following key inputs: net operating income ("NOI") (total revenue from the property less operating costs directly related to the property), future rental growth, expected occupancy rates, tenancy length, and net initial and exit yield. Key considerations in the rental growth, applied include current rental and occupancy rate. Where the factors indicate a different level of likely rental growth for a particular asset, the cash flow is adjusted accordingly. For all investment properties the valuation assumes the highest and best use.

Following the Grenfell fire and new Government advice issued as a result of this, the Partnership has undertaken a significant fire remediation programme, the BIP. The BIP programme is progressing in various stages. Removal of Aluminium Composite Material ("ACM") across the portfolio is complete and remediation of buildings with High-Pressure Laminate ("HPL") cladding is well advanced. The remedial works to properties whose facades include other types of materials not of limited combustibility ("MNLC") is at an early stage, and will be reviewed in light of evolving regulation. There remains a risk that the total forecast costs could differ from the current estimate as the programme progresses.

Owing to the nature of works involved, and the complexity in estimating the remedial work required and associated future costs to complete, this is considered a critical accounting judgement as forecast costs are included as a deduction in the Investment Property valuation.

9 Trade and other receivables

	30-Sep-21	30-Sep-20
	£'000	£'000
Trade receivables	109	86
Amounts owed by group undertakings	29,032	35,143
Other receivables	1	1
Taxation and social security	84	-
Prepayments and accrued income	3	39
	29,229	35,269

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

10 Cash and cash equivalents

	30-Sep-21	30-Sep-20
	£'000	£'000
Cash at bank and in hand	2,287	89

11 Creditors - amounts falling due within one year

	30-Sep-21	30-Sep-20
	£'000	£'000
Amounts owed to group undertakings	10,900	5,286
Trade payables	2,703	84
Deferred income and accruals	2,671	1,044
Interest payable to group undertakings	8,662	3,942
	24,936	10,356

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

Included within Deferred income and accruals figure is advance payments of turnover income received, not recognised as income until earned.

The Partnership has an agreement with Revantage Corporate Services LLC to provide the Partnership's corporate administrative services in relation to the Groups subsidiaries incorporated in both Luxembourg and Jersey.

12 Creditors - amounts falling due after one year

	30-Sep-21	30-Sep-20
	£'000	£'000
Loans from group undertakings	235,328	234,682
	235,328	234,682

On 15 May 2020 the Group entered into a loan agreement. On this date the Company received funding from its indirect Shareholder Capella UK Bidco 1 Limited under an Interest-Bearing Loan ("IBL"). The principal for the IBL was for £205,788,661 and the maturity of the loan is 15 May 2025. The IBL interest rate was updated from the LIBOR to the SONIA rate on 16 August 2021 and bears interest at SONIA plus a lenders margin of 175 BPS and an additional margin of 15 BPS. At 30 September 2021 the principal amount of the IBL is £208,705,431 less loan fees of £2,344,442 (2020: £208,736,778 less loan fees of £3,021,821) and is classified as a non-current liability with the principal due on maturity. The loan fees are amortised over the 5 year period.

On 16 August 2021, the existing loan with iQ Properties S.à r.l. updated the interest rate from LIBOR 3M plus a lenders margin of 175 BPS and an additional margin of 15 BPS to SONIA plus a lenders margin of 175 BPS and an additional margin of 15 BPS. As at 30 September 2021 the principal amount of the IBL is £28,967,318 (2020: £28,967,318) and is classified a non-current liability with the principal due on maturity of 15 May 2025.

13 Partners' interests

	iQ Two (General Partner) Limited £'000	iQ Two (General Partner 2) Limited £'000	iQ Unit Trust £'000	Total £'000
Partners' capital	-	-	-	-
Partners' loans	-	-	14,296	14,296
	-	-	14,296	14,296

Both General Partners have issued share capital of £1 and the iQ Unit Trust has issued share capital of £14,296,000 in the form of a Partner loan as at 30 September 2021. The Partners' loan is interest free and repayable on demand.

Retained earnings includes all current and prior period retained profits and losses.

14 Contingent liabilities and capital commitments

On 14 May 2020 the Group entered into a debt facility, totalling £2,190m. The Partnership, along with other entities in the Group, acts as a guarantor and obligor and could be liable to settle some or all of the drawn facility in the event of default. At the year ended 30 September 2021 the principal balance of the facility was £2,265m.

iQ Two Letting Property Partnership, an affiliated Partnership in the Group, managed and rented the properties owned by the Partnership during the year. The Partnership earns 99% of the income less operating costs that will arise from lettings of the investment properties.

15 Ultimate controlling party

At 30 September 2021, the Partnership was owned 99.95% by the iQ Unit Trust, 0.025% by iQ Two (General Partner) Limited and 0.025% by iQ Two (General Partner 2) Limited.

IQSA Holdco Limited, having its registered office at 44 Esplanade St Helier Jersey JE4 9WG, is the parent company into which the Partnership's financial statements are consolidated. Copies of the Group's Consolidated accounts are available from The International Stock Exchange, Guernsey.

On 15 May 2020, the previous head of the group, IQSA Holdings S.à r.l., was acquired by Capella UK Bidco 1 Limited, a wholly owned subsidiary of IQSA Holdco Limited. This resulted in new ultimate shareholders of the Group which are investment funds advised by affiliates of The Blackstone Group Inc.

16 Subsequent events

There have been no significant events since the year end.