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GSA HSRE LONDON 1 LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

REGISTERED NUMBER: 128515

COMPANY NUMBER: FC038846

UK Establishment number: BR023941

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GSA HSRE LONDON 1 LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2021

GSA HSRE LONDON 1 LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2021

Directors
Mr P Broomhead
Mr D Kenny
IQ EQ Corporate Services (Jersey) Limited
Winter Hill Financial Services Limited

Registered Office
2nd Floor
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St Helier
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Registered Number
128515
Company Number
FC038846
UK Establishment number
BR023941

Secretary
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2^{nd} Floor
Gaspé House
66-72 Esplanade
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Jersey
JE1 1GH

Independent Auditor
Ernst & Young LLP
Royal Chambers
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St Peter Port
Guernsey
GY1 4AF

GSA HSRE LONDON 1 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the audited consolidated financial statements of GSA HSRE London 1 Limited (the "Company") and its subsidiary as detailed in note 12 (together referred to as the "Group" and individually as "Group Entities") for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The Company is a limited Company established under the Companies (Jersey) Law 1991. The Company was incorporated on 12 March 2019. The principal activity of the Group Entities is that of property investment.

RESULTS

The financial position and results for the year are set out in the Consolidated Statement of Financial Position and the Consolidated Statement of Comprehensive Income.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

In the 2019 year, the Company completed the purchase of The Curve in London. The Company entered into a management lease with its wholly owned subsidiary The Student Housing Company (London) Limited who in turn enters into operating leases with students. In the 2020 year, a refurbishment of The Curve commenced and was completed in Q1 2021.

As at year-end, the investment properties were valued at £122,040,000 (2020: £97,170,000).

GOING CONCERN

The Directors have considered the Company's financial position, trading prospects, cash flow and financial forecasts and has a reasonable expectation that there will be adequate resources to allow it to continue in operational existence for a period up to 31 March 2023. Accordingly, the Directors have determined that it is appropriate to continue to adopt the going concern basis of accounting in the preparation of these financial statements.

As at 31 December 2021 the Statement of Financial Position showed a net current liabilities position of £61.52 million (2020: net current liabilities £52.25 million). The Company had a debt facility with Royal Bank of Canada which was financed on 27th September 2019 with a maturity date of 27th September 2021. On 13 September 2021, an extension of the Facility to the First Extended Termination Date, 27 September 2022, was requested in accordance with Clause 6.2 (Extended Termination Date) of the Agreement. A second extension is to be requested in September 2022 for a further 12 months. This extension is expected to be approved by RBC. The facility is for £62,525,196 (2020: £58,967,925) and is at a floating rate of LIBOR plus a margin of 2.1% (2020: margin of 2.1%). Please refer to note 1 of the financial statements for further information in respect of the Partnership's status as a going concern.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the conduct and control of the Company's business, operations and affairs, and have the right and power to manage and operate the Company. The Directors have full power and authority to act on behalf of the Company, including, without limitation, to engage and dismiss on behalf of the Company custodians, lawyers and auditors, as they may reasonably deem necessary or advisable in relation to the affairs of the Company.

DIRECTORS' RESPONSIBILITIES *(continued)*

The Directors are required to prepare financial statements for each financial period in accordance with the accounting policies adopted. The Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and will not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing the financial statement, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- Use the going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 applicable law. 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.

STATEMENT OF DISCLOSURE OF AUDITOR

The Directors confirms that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITOR

The Independent Auditor, Ernst & Young LLP, was appointed as auditors of the Company and has indicated its willingness to continue in office.

Signed on behalf of the director on 31 March 2022

Philip Broomhead
Director

GSA HSRE LONDON 1 LIMITED

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the consolidated financial statements of GSA HSRE London 1 Limited (the "Group") for the year ended 31 December 2021 which comprise the consolidated Statement of Comprehensive Income, the consolidated Statement of Financial Position, the consolidated Statement of Changes in Equity and the related notes 1 to 15, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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 consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements, including the UK FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material uncertainty related to going concern

We draw attention to Note 1b in the consolidated financial statements concerning the Partnership's ability to continue as a going concern. As stated in Note 1b, the current loan facility is due for repayment in September 2022 and renewal or extension of this facility has yet to be agreed. This indicates that a material uncertainty exists that may cast significant doubt on the Partnership's ability to continue as a going concern. Our opinion is not modified in respect of the matter.

Other information

The other information comprises the information included in the annual report other than the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the consolidated 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Group, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated financial statements are not in agreement with the Group's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3 and 4, the directors are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Group and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies (Jersey) Law 1991;

- We understood how GSA HSRE London 1 Limited is complying with those frameworks making enquiries of management, and those responsible for compliance matters we corroborated this through review of minutes of meetings of the Board of Directors. We gained an understanding of the Board's approach to governance, demonstrated by its review of reports from the manager regarding performance of the Group's investment and internal control processes;

- We assessed the susceptibility of the Group's consolidated financial statements to material misstatement, including how fraud might occur by identifying the risk of management override of controls of the valuation of the investments at fair value as fraud risks. We considered the controls the Group has established to address risks identified by the directors or that otherwise seek to prevent, detect or deter fraud and how management and those charged with governance monitor those controls. We also considered the existence of any stakeholder influences which may cause management to seek to manipulate the financial performance and did not note any;

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the review of minutes of meetings of the Board of Directors; making inquiries of those charged with governance; and performance of journal entry testing based on our risk assessment and understanding of the business, with a focus on non-standard journals and those relating to areas with an identified associated fraud risk, as described above.

A further description of our responsibilities for the audit of the consolidated 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 Group's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Group'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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Ove Toennes Svejstrup, Chartered Accountant
for and on behalf of Ernst & Young LLP
Guernsey, Channel Islands

Date: March 31, 2022

GSA HSRE LONDON 1 LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Rental income from investment properties		1,877,700	2,357,889
Property expenses	4	(888,497)	(1,037,477)
NET OPERATING INCOME FROM PROPERTIES		989,203	1,320,412
Administrative expenses	4	(199,188)	(265,427)
Unrealised profit on revaluation of investment properties	6	20,865,908	5,522,972
Unrealised profit/(loss) on revaluation of derivative financial liabilities		31,897	(33,133)
NET OPERATING PROFIT		21,687,820	6,544,824
Interest payable and similar expenses	5	(1,843,485)	(2,011,566)
PROFIT BEFORE TAX		19,844,335	4,533,258
Provision for deferred tax	14	(5,924,157)	(1,350,186)
PROFIT AFTER TAX		13,920,178	3,183,072

The Consolidated Statement of Comprehensive Income has been prepared on the basis that all operations are continuing.

There were no elements of other comprehensive income for the year.

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

GSA HSRE LONDON 1 LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital	Accumulated gains	Total
	£	£	£
As at 31 December 2020	10,502,590	4,624,749	15,127,339
Profit for the period	-	13,920,178	13,920,178
As at 31 December 2021	10,502,590	18,544,927	29,047,517

	Share Capital	Accumulated losses	Total
	£	£	£
As at 31 December 2019 (un-audited)	10,502,590	1,441,677	11,944,267
Profit for the period	-	3,183,072	3,183,072
As at 31 December 2020	10,502,590	4,624,749	15,127,339

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

GSA HSRE LONDON 1 LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Non-Current Assets			
Investment properties	6	122,040,000	97,170,000
Derivative financial assets		44,419	22
Current Assets			
Other receivables	7	1,171,902	1,372,679
Cash and cash equivalents		2,912,479	6,071,767
Total Assets		126,168,800	104,614,468
Current Liabilities			
Trade and other payables	8	(3,547,494)	(1,114,296)
Bank loans	9	(62,059,371)	(58,582,572)
Net Current (Liabilities)/Assets		(61,522,484)	(52,252,422)
Non-Current Liabilities			
Shareholder loans	10	(24,240,075)	(28,440,075)
Deferred Tax Provision	14	(7,274,343)	(1,350,186)
Net Assets		29,047,517	15,127,339
Equity			
Share capital	11	10,502,590	10,502,590
Accumulated gains		18,544,927	4,624,749
Total equity		29,047,517	15,127,339

These financial statements were approved by the Directors and authorised for issue on 31 March 2022, and are signed on their behalf by:

Philip Broomhead

Director

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

1. Accounting policies

A. Reporting entity

GSA HSRE London 1 Limited (the "Company") is a Company domiciled in Jersey. The address of the registered office is 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH.

The principal activity of the Company is property investment.

The consolidated financial statements comprise the Company and its subsidiary as disclosed in note 12 (together referred to as the "Group" and individually as "Group Entities"). The financial year begins on 1 January and ends on 31 December each year.

B. Going concern

The Directors are required to consider the availability of resources to meet the Company's liabilities for a period of up to 31 March 2023.

During the period ended 31 December 2021, the Company recorded a net profit of £13.9 million (2020: £3.18 million) and had net current liabilities of £61.52 million (2020: net current liabilities of £52.25 million) and net assets of £29.05 million (2020: £15.13 million) at 31 December 2021. The net current liabilities is a direct result of the Company's original loan facility with Royal Bank of Canada (£62.53 million (2020: £58.58 million)) expiring in September 2021 and being extended for a period of 12 months. A second extension is to be requested in September 2022 for a further 12 months. This extension is expected to be approved by RBC.

The Company has made an assessment of going concern for a period up to 31 March 2023, taking into account both the Company's current performance and the Company's outlook, using information available to the date of issue of these financial statements. As part of this assessment the Company considered:

1. An analysis of the Company's liquidity including the maturity of the debt facility
2. Any potential concerns with respect to the carry value of the Company's assets as set out in the financial statements.

The approach was consistent with the normal process and valuation policy. A key factor for the increase in the valuation at 31 December 2021 was due to the completion of major refurbishment works at The Curve.

As at 31 December 2021 the Statement of Financial Position showed a net current liabilities position of £61.52 million (2020: net current liabilities £52.25 million). The Company has a non-recourse debt facility with Royal Bank of Canada which was financed on 27 September 2019 with a maturity date of 27 September 2021. The facility was extended for a further twelve months on 13 September 2021 for the full facility amount of £62.53 million being drawn down (2020: £58.97 million). The facility has a floating rate of LIBOR plus a margin on 2.1% (2020: margin of 2.1%).

The facility is expected to either be successfully renewed without any repayment required within 12 months of the date of the financial statement or successfully refinanced before the expiry date of the renewed facility, on the basis of low leverage for assets with strong historical performance and the investment management team's track record in negotiating refinancing. As the Company's ability to continue as a going concern is dependent on the facility being renewed or refinanced, and as negotiations are not finalised at the date of the financial statements, there is a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern.

1. Accounting policies (continued)

B. Going Concern (continued)

The Directors believe that at the date of approval of these financial statements, the current loan facility is likely to be renewed on appropriate commercial terms without any significant changes to the covenant terms. On this basis, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

C. Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standards 102 ("FRS 102"). The financial statements are prepared on a going concern basis and on a historical cost basis, except investment properties and financial assets at fair value through profit or loss which have been measured at fair value.

The financial statements are prepared in Pound Sterling ("£"), being the functional currency of the Company. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rate of exchange ruling at the end of the reporting period date. Transactions in foreign currencies during the course of the period are translated at the rate of exchange ruling at the date of transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period end exchange rates of monetary assets and liabilities that are denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Foreign exchange gains and losses on financial assets and liabilities at fair value through profit or loss are recognised together with other changes in fair value.

The Company has taken advantage of the exemption available under the small entities amendment to FRS 102 and chosen to not to present a cash flow statement or include disclosures of derivative financial instruments.

D. Consolidation

Subsidiaries are those entities over which the Company has the control, whereby it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and they are de-consolidated from the date that control ceases. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiaries is measured at fair value when control is lost.

The assets and liabilities of subsidiaries and their results are fully reflected in the consolidated financial statements. Intra-Group transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intragroup transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1. Accounting policies (continued)

E. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, revenues and expenses. The estimates and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about fair value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimates are revised and future years affected.

The fair value of the investment properties is a key source of judgement and estimation uncertainty. The valuation of the investment properties is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property.

As a result, the valuations of the investment properties are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the commercial property market. As at 31 December 2021, fair values have been estimated by a suitably qualified external valuer.

Fair value is the price that would be received to sell the property in an orderly transaction between market participants at the measurement date. Under IFRS 13 Fair Value Measurement, level 3 inputs have been used of the fair value hierarchy.

F. Revaluation of investment properties

The Company carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The Company engaged independent valuation specialists to determine fair value at 31 December 2021. The valuer used a valuation based on open market value.

2. Significant accounting policies

Rental income

Rental income is accounted for on a straight line basis over the lease term of ongoing leases and is shown net of any sales tax. Any premiums or rent-free periods are spread evenly over the term of the lease.

Expenses

All expenses are accounted for on an accruals basis. The Company's asset management and administration fees, finance costs and all other expenses are charged through the Statement of Comprehensive Income.

2. Significant accounting policies (continued)

Investment properties
In accordance with FRS 102 investment properties are initially recognised at cost, being the fair value of the consideration given, including acquisition costs associated with the investment property.

After initial recognition, the Company carries its investment property at fair value, with changes in fair value being recognised in profit or loss. Fair value is based on a valuation by an independent valuer at the Statement of Financial Position date who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property being valued

Cash and Deposits
Cash and deposits includes cash at bank, cash in hand and overnight deposits.

Financial Instruments
The entity has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition
Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another part who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional resources.

(ii) Financial liabilities
Basic financial liabilities, including trade creditors and loans from related parties are initially recognised at transaction price. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Significant accounting policies (continued)

Taxation

Corporation tax in the statement of comprehensive income comprises current and deferred tax for the period. Tax is recognised in the statement of comprehensive income except to the extent that it relates to the items recognised directly in equity, in which case it is recognised in equity. Current tax is the tax payable on the taxable income for the period using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to the tax payable in respect of previous periods.

Deferred tax is provided in full where a potential liability exists using the Statement of Financial Position liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for temporary differences arising on the initial recognition of assets or liabilities, which affect neither accounting nor taxable profit to the extent that they will not reverse in the foreseeable future.

3. Revenue

The revenue and profit before taxation are attributable to the principal continuing activities, that being income from investment in student residential accommodation, commercial rent and summer rent, net of other property expense.

4. Expenses

	2021	2020
	£	£
Salaries	271,434	330,956
Material	142	20,634
Specialist facilities management costs	102,336	65,805
Statutory expenses	27,497	42,964
Insurance	77,439	49,008
Major works	-	15,003
Marketing expenses	183,808	151,863
General administrative expenses	19,116	33,682
Property management fees	-	16,586
Utilities	206,725	310,976
Property expenses	**888,497**	**1,037,477**

	2021	2020
	£	£
Legal & professional fees	164,892	195,722
Property management fees	1,693	-
Other administrative expenses	32,603	69,705
Administrative expenses	**199,188**	**265,427**

5. Interest payable and similar charges

	2021	2020
	£	£
Bank charges	1,134	864
Bank loan interest	1,306,490	1,422,158
Amortisation of loan transaction costs	492,528	540,028
Other interest payable	1,059	-
Commitment fee	42,243	48,516
Realised exchange gains/losses	31	-
	1,843,485	2,011,566

6. Investment properties

Cost	Land to the South Side of Fieldgate Street and to the East of Plumber's Row, London	The Curve, Whitechapel, London	Total
	£	£	£
As at 1 January 2020	4,931,377	80,335,350	85,266,727
Capital expenditure	340,816	4,456,212	4,797,028
As at 31 December 2020	5,272,193	84,791,562	90,063,755
Capital expenditure	393,026	3,611,066	4,004,092
As at 31 December 2021	5,665,219	88,402,628	94,067,847

Valuation	Land to the South Side of Fieldgate Street and to the East of Plumber's Row, London	The Curve, Whitechapel, London	Total
	£	£	£
As at 1 January 2020	4,120,000	82,730,000	86,850,000
Capital expenditure	340,816	4,456,212	4,797,028
Revaluation gain/ (loss)	-	5,522,972	5,522,972
As at 31 December 2020	4,460,816	92,709,184	97,170,000
Capital expenditure	393,026	3,611,066	4,004,092
Revaluation gain/(loss)	(313,842)	21,179,750	20,865,908
As at 31 December 2021	4,540,000	117,500,000	122,040,000

6. Investment properties (continued)

On 26 September 2019 the Company acquired The Curve and Land to the Southside of Fieldgate Street in London for a total purchase price of £83,650,000.

CBRE Limited, a firm of independent chartered surveyors, completed a valuation of the property as at 31 December 2021 on an open market basis in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors ("Red Book"). The valuations have been prepared by appropriate valuers who conform to the requirements as set out in the Red Book, acting in the capacity of external valuer.

The table below sets out information regarding a sensitivity analysis between the changes in the fair value of the investment property held by the Company and its effect on the valuation.

	Value 31.12.21 £'000	**Valuation Technique**	**Unobservable Input**	**Sensitivity Used**	**Effect on Fair Value £'000**	
Real Estate	122,040	Comparable sales DFC Model/ Income Approach	Yield	-5%/ +5%	6,260	(5,660)

	Value 31.12.20 £'000	**Valuation Technique**	**Unobservable Input**	**Sensitivity Used**	**Effect on Fair Value £'000**	
Real Estate	97,170	Comparable sales DFC Model/ Income Approach	Yield	-5%/ +5%	5,330	(4,820)

7. Other receivables

	2021	**2020**
	£	**£**
Trade debtors and receivables	**-**	**81,253**
Input VAT	**16,372**	**981,334**
Prepayments	**85,535**	**3,622**
Amounts due from Uninest UK	**254,370**	**306,470**
Amount due from related parties	**815,625**	**-**
	1,171,902	**1,372,679**

8. Creditors: amounts falling due within one year

	2021	2020
	£	£
Deferred Income	1,914,061	348,602
Trade payables	670,215	394,851
Other creditors and accruals	963,218	288,802
Output VAT	-	82,041
	3,547,494	1,114,296

9. Bank Loans

	2021	2020
	£	£
Opening bank loan payable	58,967,925	54,569,966
Bank loan drawdown	3,557,271	4,397,959
Closing bank loan payable	62,525,196	58,967,925
Bank loan issue costs	(1,620,186)	(1,047,186)
Bank loan issue costs - Amortisation	1,154,361	661,833
	62,059,371	58,582,572

On 27 September 2019, London 1 entered into loan agreement with RBC for a loan facility of £62,525,196 with interest of 2.10% margin plus LIBOR. The agreement was amended and restated on 16 June 2020 and 23 December 2020. On 13 September 2021, an extension of the Facility to the First Extended Termination Date, 27 September 2022, was requested in accordance with Clause 6.2 (Extended Termination Date) of the Agreement. Total amount drawdown as at 31 December 2021 was £62,525,196 (2020: £58,967,925) with remaining undrawn of £nil (2020: £3,557,271).

10. Shareholder Loans

	2021	2020
	£	£
Shareholder loans	24,240,075	28,440,075
	24,240,075	28,440,075

The shareholder loans are interest free and shall be repayable on demand or in part upon written notice from the Lender to the Borrower at any time and from time to time hereafter. Whilst payable on demand, there is no intention this loan to be called within the next 12 months.

11. Share Capital

	2021 £	2020 £
Authorised:		
10,502,590 Ordinary Shares of £1 each	**10,502,590**	**10,502,590**
Issued:		
10,502,590 Ordinary Shares of £1 each	**10,502,590**	**10,502,590**

12. Related party transactions

The details of the Company's subsidiaries (within the Group) are as follows:

Name of subsidiary	Ownership %	Country of incorporation	Principal activity
The Student Housing Company (London) Limited	100	United Kingdom	Property Management

Global Student Accommodation UK Limited was the Development Manager for the period. There was £309,480 of development fees charged during the year (2020: £353,468)

During the year, the Company received shareholder loans from GSA HSRE GBP JV Limited Partnership of £nil (2020: £5,746,290). The Company made a repayment of £4,200,000 during the year. The loans are interest free and shall be repayable on demand or in part upon written notice from the Lender to the Borrower at any time and from time to time hereafter.

13. Ultimate controlling party

There is no ultimate controlling party. The immediate parent undertaking is GSA HSRE GBP JV Limited Partnership, domiciled in Jersey.

14. Taxation

From 6 April 2019 non-UK resident landlords that dispose of UK property may be subject to UK capital gains tax ("CGT") at a rate of 19% on gains arising after that date, from 1 April 2023 the rate will increase to 25%. CGT may be incurred by non-resident companies and unit trusts, which are deemed to be companies for CGT purposes. Deferred tax recognised during the year in the Consolidated Statement of Comprehensive Income is £5,924,157 (2020: £1,350,186). Accordingly, the potential tax liability on realisation of investment properties at 31 December 2021 is £7,274,343.

Valuation	**Land to the South Side of Fieldgate Street and to the East of Plumber's Row, London** **£**	**The Curve, Whitechapel, London** **£**	**Total**
Cost base	5,665,219	88,402,628	94,067,847
Valuation at 31 Dec 2021	4,540,000	117,500,000	122,040,000
Revaluation gain/loss	**(1,125,219)**	**29,097,372**	**27,972,153**
Capital gains tax at 25%	**-**	**7,274,343**	**7,274,343**

15. Subsequent events

No matters or circumstances have arisen since the end of the year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years