Company Registration No. 05083580 (England and Wales)

LDC (PROJECT 110) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

LDC (PROJECT 110) LIMITED

COMPANY INFORMATION

Directors	J J Lister M C Allan R S Smith N G Richards
Secretary	C R Szpojnarowicz
Company number	05083580
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditor	KPMG Audit Plc 15 Canada Square LONDON E14 5GL
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

LDC (PROJECT 110) LIMITED

CONTENTS

LDC (PROJECT 110) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and financial statements for the year ended 31 December 2014.

Principal activities
The principal activity of the company is letting of investment property. The directors recommend a dividend payment of £4,805,438 (31 December 2013: £nil). The company registration number is 05083580.

Directors
The following directors have held office since 1 January 2014:

J J Lister
M C Allan
R S Smith
N G Richards

Financial Instruments
The company holds or issues financial instruments for two main purposes:
- to finance development and subsequent long term retention of properties:
- to manage interest rate risks arising from its operations and from sources of finance.

The main risks arising from the company's financial instruments are interest rate risk and market price risk. The company does not trade in financial instruments.

Statement of disclosure to auditor
So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 company will continue in business.

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

By order of the board

C R Szpojnarowicz
C R Szpojnarowicz
Secretary
29 June 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LDC (PROJECT 110) LIMITED

We have audited the financial statements of LDC (Project 110) Limited for the year ended 31 December 2014 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LDC (PROJECT 110) LIMITED

Matters on which we are required to report by exception

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

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

Kate Teal

Kate Teal (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc

29/6/15

Chartered Accountants
Statutory Auditor

KPMG Audit Plc
15 Canada Square
LONDON
E14 5GL

LDC (PROJECT 110) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Turnover	2	3,819,750	3,354,705
Administrative expenses		-	(26)
Operating profit	3	3,819,750	3,354,679
Other interest receivable and similar income	4	1,765	1,040
Interest payable and similar charges	5	(2,422,804)	(1,793,945)
Profit on ordinary activities before *taxation*		1,398,711	1,561,774
Tax on profit on ordinary activities	6	-	-
Profit for the year	14	1,398,711	1,561,774

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There is no material difference between the result as disclosed in the profit and loss account and the result given by the unmodified historical cost basis.

LDC (PROJECT 110) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
Profit for the financial year		1,398,711	1,561,774
Unrealised surplus on revaluation of properties	7	1,811,947	2,977,295
Total recognised gains and losses relating to the year		3,210,658	4,539,069

LDC (PROJECT 110) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	7		55,000,000		52,770,000
Investments	8		1		1
			55,000,001		52,770,001
Current assets					
Debtors	9	4,803,853		3,351,079	
Cash at bank and in hand		-		1,082,585	
		4,803,853		4,433,664	
Creditors: amounts falling due within one year	10	(13,493,687)		(2,475,728)	
Net current (liabilities)/assets			(8,689,834)		1,957,936
Total assets less current liabilities			46,310,167		54,727,937
Creditors: amounts falling due after more than one year	11		(25,930,217)		(37,558,645)
Net assets			20,379,950		17,169,292
Capital and reserves					
Called up share capital	13		100		100
Revaluation reserve	14		11,332,560		9,520,613
Profit and loss account	14		9,047,290		7,648,579
Shareholder's funds	15		20,379,950		17,169,292

Approved by the Board and authorised for issue on 29 June 2015

N G Richards
Director

Company Registration No. 05083580

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention modified to include the revaluation of investment properties.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Going concern

The financial statements have been prepared on the going concern basis, not withstanding net current liabilities of £8,689,834 which the directors believe to be appropriate for the following reasons. The company is dependent or its working capital on funds provided to it by The Unite Group plc. The Unite Group plc has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company, and in particular, will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this understanding the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

1 Accounting policies **(Continued)**

1.4 Tangible fixed assets and depreciation

Investment properties are those held to earn rental income or for capital appreciation, or both.

In accordance with SSAP19, 'Accounting for Investment Properties,' investment properties are stated at open market value and are independently valued half yearly in accordance with the Guidance Notes on the valuation of assets issued by The Royal Institution of Chartered Surveyors. Surpluses and deficits arising are transferred to the revaluation reserve except that:

- any permanent impairment in the value of an investment property is taken to the profit and loss account for the year, and;
- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold properties with over 20 years to run.

This treatment, as regards the company's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be seperately identified or quantified.

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Deferred taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements. Deferred tax is measured on a non-discounted basis.

1.7 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 398 of the Companies Act 2006 not to prepare group accounts.

1.8 Borrowings

Interest bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the term of the borrowings at a constant rate on the carrying amount.

2 Turnover

Turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2014	2013
	£	£
Operating profit is stated after crediting:		
Rental income received under operating lease rentals	3,819,750	3,354,705

Auditor's remuneration of £570 (2013: £555) was borne by another group company.

Fees paid to the company's auditor, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The Unite Group plc are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

4 Other interest receivable and similar income

	2014	2013
	£	£
Bank interest	1,765	1,040

5 Interest payable and similar charges

	2014	2013
	£	£
Bank loan interest	148,686	1,793,945
Group interest	1,188,245	-
Debt exit costs	502,118	-
SWAP cancellation	583,755	-
	2,422,804	1,793,945

6 Taxation

	2014 £	2013 £
Total current tax	-	-

	2014 £	2013 £
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	1,398,711	1,561,774
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.50% (2013 - 23.25%)	300,723	363,059
Effects of:		
Group relief surrendered	520,524	-
Tax losses utilised	(650,704)	(306,618)
Capital allowances in excess of depreciation	(70,098)	(56,441)
Other tax adjustments	(100,445)	-
	(300,723)	(363,059)
Current tax charge for the year	-	-

7 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 January 2014	52,770,000
Additions	418,053
Revaluation	1,811,947
At 31 December 2014	55,000,000

The freehold investment property was valued as at 31 December 2014, on the basis of 'market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by Messrs Jones Lang LeSalle Limited, Chartered Surveyors as external valuers.
The total interest and bank costs included in the cost of the property at 31 December 2014 was £1,677,997 (31 December 2013: £1,677,997).

The historical cost of the property at 31 December 2014 was £43,667,440 (31 December 2013: £43,249,387).

8 Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 2014 & at 31 December 2014	1
Net book value	
At 31 December 2014	1

Holdings of more than 20%
The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
LDC (Project 111) Limited	England and Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 2014 £	Profit/(loss) for the year 2014 £
LDC (Project 111) Limited	Property	2,241,061	866,923

9 Debtors

	2014 £	2013 £
Amounts owed by group undertakings	4,803,753	3,350,979
Other debtors	100	100
	4,803,853	3,351,079

All debtors are due within one year.

10 Creditors: amounts falling due within one year

	2014 £	2013 £
Amounts owed to group undertakings	13,302,008	1,167,717
Other creditors	191,679	1,308,011
	13,493,687	2,475,728

11 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Bank loan	-	37,558,645
Intra group loan	25,930,217	-
Analysis of loans		
Wholly repayable within five years	25,930,217	37,558,645
Loan maturity analysis		
In less than one year	-	-
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	37,700,000
In more than five years	26,144,000	-
	26,144,000	37,700,000
Less: Unamortised loan costs	(213,783)	(141,355)
	25,930,217	37,558,645

A bank loan totalling £37,700,000 was secured over the investment property and was repayable in full on 31 October 2016. The bank loan was disclosed net of unamortised refinance costs of £141,355 on 31 December 2013. The loan attracted interest monthly at a rate of 5.038% fixed by use of interest rate SWAPs.

The company managed its interest risk by making use of interest rate swaps covering £37,700,000 of the total loan balance at 31 December 2013. The fair value of the swap at 31 December 2013 was a liability of £1,386,680.

Subsequent to the balance sheet date, on 31 January 2014, the HSBC bank loan was repaid.

A new intragroup loan with the parent company LDC (Portfolio 20) Limited was issued over 10 year period for £26,144,000 which was secured on the property. The intragroup loan is disclosed net of unamortised refinance costs of £213,783 (31 December 2013: £141,355). The loan attracts interest monthly at a fixed rate of 4.56%.

12 Provisions for liabilities and charges

The deferred tax liability is made up as follows:

	2014
	£
Accelerated capital allowances	1,680,340
Tax losses available	(336,225)
Group losses available for offset	(1,344,115)
	-

There is an unrealised gain with a potential tax charge arising from the investment property at £48,882 not recognised.

No other provisions were made in the year.

Deferred tax assets and liabilities have been calcualted at 20%, being the rate of corporation tax that was substantively enacted at the balance sheet date, which is applicable from 1 April 2015. There are no other factors which significantly affect the future tax charge.

13 Share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
25 Ordinary A shares of £1 each	25	25
75 Ordinary B shares of £1 each	75	75
	100	100

The rights attaching to each class of shares are as follows:

'A' shares - 49% of the voting rights, dividends and capital on winding up
'B' shares - 51% of the voting rights, dividends and capital on winding up.

14 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 January 2014	9,520,613	7,648,579
Profit for the year	-	1,398,711
Revaluation during the year	1,811,947	-
Balance at 31 December 2014	11,332,560	9,047,290

15 Reconciliation of movements in shareholder's funds

	2014 £	2013 £
Profit for the financial year	1,398,711	1,561,774
Other recognised gains and losses	1,811,947	2,977,295
Net addition to shareholder's funds	3,210,658	4,539,069
Opening shareholder's funds	17,169,292	12,630,223
Closing shareholder's funds	20,379,950	17,169,292

16 Contingent liabilities

The company had no contingent liabilities at 31 December 2014 (31 December 2013: £nil).

17 Capital commitments

The company had no capital commitments at 31 December 2014 (31 December 2013: £nil).

18 Employees

There were no employees during either year.

19 Control

The company's immediate parent undertaking is LDC (Portfolio 20) Ltd.

The company's ultimate parent undertaking is The Unite Group plc.
The largest and smallest group in which the results of the company are consolidated is that headed by The Unite Group plc. The consolidated accounts of this company are available to the public and can be obtained from The Core, 40 St Thomas Street, BRISTOL, BS1 6JX.

20 Related party transactions

As the company is a wholly owned subsidiary of The Unite Group plc, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.