

LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED
Company Number 09375849

Unaudited Financial Statements
For the 16-month period ended 31 December 2020



LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED

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For the 16-month period ended 31 December 2020

Registered Number: 09375849

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LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED

Registered number: 09375849

DIRECTORS' REPORT

For the 16-month period ended 31 December 2020

The Directors of Liberty Living Investments Nominee 2 Limited (the 'Company') present their Unaudited Financial Statements for the 16-month period ended 31 December 2020. This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption of section 415A of the Companies Act 2006. Accordingly, the Directors have elected to take advantage of the exemption from preparing a Strategic report.

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as a Nominee Company for a Limited Partnership.

On the 28 November 2019, The Unite Group plc acquired Liberty Living Group plc, an intermediate parent company, from Liberty Living Holdings Inc, resulting in a change of the ultimate parent to the Unite Group Plc.

DIRECTORS

The Directors set out below held office during the period and to the date of this report unless otherwise stated:

M Biagosch	(Resigned 28 November 2019)
T Jackson	(Resigned 28 November 2019)
P Mullins	(Resigned 28 November 2019)
C R Szpojnarowicz	(Appointed 28 November 2019)
J J Lister	(Appointed 28 November 2019)
D Faulkner	(Appointed 28 November 2019)

SECRETARY

The Secretary of the Company during the period and up to the date of this report unless otherwise stated:

R Heslehurst	(Resigned 26 March 2020)
C R Szpojnarowicz	(Appointed 26 March 2020)

REPORTING PERIOD

The financial statements presented are for the 16 month period from 1 September 2019 to 31 December 2020. This change aligns the year-end of the Company to the group headed by The Unite Group plc.

LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED

Registered Number: 09375849

DIRECTORS' REPORT (CONTINUED)

For the 16-month period ended 31 December 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial period. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 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.

Approved by the Board of Directors on 16th December 2021 and signed on its behalf by:

D Faulkner

D Faulkner
Director

LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED

PROFIT AND LOSS ACCOUNT

For the 16-month period ended 31 December 2020

	Note	Period from 01 September 2019 to 31 December 2020 (Unaudited) £	Year ended 31 August 2019 (Audited) £
Administrative expenses		-	-
Operating result and result before tax	3	-	-
Tax on result	5	-	-
Result for the financial period		-	-

All items in the above statement derive from continuing operations.

There are no items of other comprehensive income for either period and accordingly no statement of comprehensive income has been presented.

The accompanying notes form an integral part of these Financial Statements.

LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED

BALANCE SHEET

As at 31 December 2020

Registered Number: 09375849

	Note	31 December 2020 (Unaudited) £	31 August 2019 (Audited) £
Current assets			
Debtors due within one year	6	1	1
Net current assets		1	1
Total assets less current liabilities		1	1
Net assets		1	1
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account		-	-
Equity Shareholder's funds		1	1

The accompanying notes form an integral part of these Financial Statements.

For the period ended 31 December 2020 the company was entitled to exemption from audit under section 479a of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements were approved by the board of directors and authorised for issue on 16th December 2021. They were signed on its behalf by:

D Faulkner

D Faulkner
Director

LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED

STATEMENT OF CHANGES IN EQUITY

For the 16-month period ended 31 December 2020

	Called Up Share capital £	Profit and loss account £	Total £
At 31 August 2018 (Audited)	1	-	1
Result for the year	-	-	-
Total comprehensive income	-	-	-
At 31 August 2019 (Audited)	1	-	1
Result for the period	-	-	-
Total comprehensive income	-	-	-
At 31 December 2020 (Unaudited)	1	-	1

LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 16-month period ended 31 December 2020

1. ACCOUNTING POLICIES

The Financial Statements are prepared in accordance with accounting standards applicable in the United Kingdom and the functional and presentational currency of the Company is pounds sterling (£). They have all been applied consistently throughout the period and to the preceding period. The principal accounting policies are summarised below.

General information and basis of accounting

Liberty Living Investments Nominee 2 Limited is a private company limited by shares under the Companies Act 2006 and registered in England and Wales. The address of the registered office is South Quay, Temple Back, Bristol, United Kingdom, BS1 6FL. The nature of the Company's operation and its principal activities are set out in the Directors' report on page 2.

The financial statements have been prepared under the going concern basis, historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Company is included in the consolidated financial statements of The Unite Group Plc which may be obtained at South Quay, Temple Back, Bristol, United Kingdom, BS1 6FL. The Company meets the definition of a qualifying entity under FRS 102 and therefore has taken advantage of the disclosure exemptions in relation to financial instruments, the presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

These financial statements present information for the 16 month period to 31 December 2020, following the change in accounting reference date to align with the new group. The comparatives present information for the 12 month period to 31 August 2019, and accordingly the comparatives presented in the profit and loss account and statement of changes in equity are not entirely comparable to the current period.

Administrative expenses

Administrative expenses are recognised on an accruals basis.

Taxation

As a REIT, UK property rental profits and gains on disposal of UK investment properties are exempt from UK tax with the exception of certain non-core income streams. The Company pays UK corporation tax on the profits from its non-core income streams.

The tax charge for the year is recognised in the profit and loss account and the statement of comprehensive income, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax. Current tax, being UK corporation tax on the residual business (i.e. non-core income streams), is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the 16-month period ended 31 December 2020**

ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments

The Company's financial instruments comprise cash at bank and in hand and bank overdrafts, other debtors and creditors and intercompany balances. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at fair value and subsequently measured at amortised cost. Financial assets are generally derecognised when the contractual rights to the cash flows from the financial asset expire or are settled. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 16-month period ended 31 December 2020

ACCOUNTING POLICIES (CONTINUED)

Going Concern

The Company is part of The Unite Group plc ('Unite') from which it receives working capital funding. Unite 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. In determining the Company's Going Concern assessment the Directors have, therefore, considered the wider Unite Group's future performance.

In response to Covid-19, the Unite Directors considered a range of scenarios for future performance, with a focus on forecast liquidity and ICR covenant performance. The Unite Directors' Base Case scenario is informed by their reasoned opinion that UK Universities will remain open throughout the review period. All higher education students were allowed to return to in-person teaching from mid-May and the Government has confirmed that there will be no restrictions on in-person teaching and learning in universities from 16 August. As a result, Universities are expected to welcome students for the 2021/22 academic year and there will be continued demand for rented student accommodation from both UK and international students. The greater level of uncertainty around international students' behaviour and their ability to travel to the UK could lead to a reduction in demand from this customer group. The Unite Directors are satisfied that the Group has sufficient liquidity and will maintain covenant compliance over the next 12 months.

To support the Unite Directors' going concern assessment, a 'Reverse Stress Test' was performed to determine the level of performance at which adopting the going concern basis of preparation may not be appropriate. This involved assessing the minimum amount of income required to ensure lender covenants would not be breached. Within the tightest covenant, income could fall significantly below Base Case before there would be a breach. The Directors are satisfied that the possibility of such an outcome is sufficiently remote that adopting the going concern basis of preparation is appropriate.

As at the date of this report, the global outlook as a result of Covid-19 continues to be uncertain and the range of potential outcomes is wide ranging and unknown. In particular, should the impact on trading conditions be more prolonged or severe than currently forecast by the Directors, namely if there is a further sustained national lockdown that results in Universities not opening physically and students either not arriving at University or returning home, the Unite Group's going concern status may be dependent on its ability to seek interest cover covenant waivers from its lenders. The Unite Directors consider that this eventuality to be remote

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

No material items of judgement and uncertainty have been identified relating to these financial statements.

LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 16-month period ended 31 December 2020

3. OPERATING PROFIT

The company is exempt from audit for the period ended 31 December 2020, therefore no audit fees are payable.

Auditor's remuneration of £8,000 in respect of the 2019 audit of the Company's financial statements has been borne by a related group company.

4. STAFF COSTS

There were no employees during either the current or prior period.

Directors

Directors' remuneration was borne by another group company in both periods. Directors have not performed any qualifying services for this company in the period.

5. TAX ON RESULT

There is no tax charge in the current or prior period.

The Finance Bill 2021 includes provisions to increase the main rate of corporation tax to 25% with effect from 1 April 2023. This is not expected to have a material impact on the company's tax charge.

6. DEBTORS DUE WITHIN ONE YEAR

	31 December 2020 (Unaudited) £	31 August 2019 (Audited) £
Other debtors	1	1
	<u>1</u>	<u>1</u>

7. SHARE CAPITAL

Allotted, called up and fully paid

	£	Number of shares
Ordinary £1 shares at 31 August 2019 and 31 December 2020	<u>1</u>	<u>1</u>

The Company has one class of ordinary share which carry no right to fixed income.

LIBERTY LIVING INVESTMENTS NOMINEE 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 16-month period ended 31 December 2020

8. CONTROLLING PARTIES

The Company's immediate parent company is Liberty Living Investments GP2 Limited, a company incorporated and registered in England and Wales.

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 the this company are available to the public and can be obtained from the registered office, South Quay, Temple Back, Bristol, BS1 6FL.

9. RESERVES

Called up share capital

Called up share capital reserves contains the nominal value of the shares issued.

Profit and loss reserves

Profit and loss reserves represents cumulative profits and losses, net of distributions and other adjustments.

10. OTHER FINANCIAL COMMITMENTS

On 28 November 2017, Liberty Living Finance plc had issued two £300m bond tranches with maturities of seven and twelve years respectively. The Company, along with other Group related undertakings, has irrevocably and unconditionally, jointly and severally, guaranteed to meet the obligations of Liberty Living Finance plc with respect to the amounts borrowed in the event Liberty Living Finance plc fails to meet its obligations when they fall due.

The Company became guarantor of the £450m Unite Group plc Facilities Agreement in September 2021 and remains a guarantor of the Unite Bonds, and certain Unite subsidiaries remain as guarantors of the Liberty Living (HE) Holdings Group bonds. On 27 May 2021 the Company became a guarantor of a note purchase agreement issued by The Unite Group plc for £150m, maturing on 27 May 2031. This new borrowing helped refinance the repayment of bank facilities that Unite Group plc repaid in September 2021, facilities that had also been guaranteed by the Company.