Registered number: 01574695

QUINTAIN (MANCHESTER) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

QUINTAIN (MANCHESTER) LIMITED

COMPANY INFORMATION

Directors	J M E Saunders P S Slavin R Shah
Company secretary	F V Heazell
Registered number	01574695
Registered office	180 Great Portland Street London W1W 5QZ
Independent auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

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QUINTAIN (MANCHESTER) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for Quintain (Manchester) Limited for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is property investment.

Directors

The directors who served during the year and up until the date of signing were:

J M E Saunders
P S Slavin
R Shah

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The Company was dormant and unaudited in the prior year.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

DocuSigned by:
Philip Slavin
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P S Slavin
Director

Date: 31 March 2023

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Directors' report and the financial statements of Quintain (Manchester) Limited in accordance with applicable law and regulations.

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

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;
- state whether applicable UK Accounting 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 related to going concern; and
- use the going concern basis of accounting 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 the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUINTAIN (MANCHESTER) LIMITED

Opinion

We have audited the financial statements of Quintain (Manchester) Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including *FRS 101 Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.1 to the financial statements which indicates that there is uncertainty over the continued availability of sufficient funding to the Group through debt refinancing or an equity injection, prior to their extended maturity dates up to December 2023. These events and conditions, along with the other matters explained in note 1.1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.
Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:
- enquiring of management as to the company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as debtor impairment. On this audit we do not believe there is a fraud risk related to revenue recognition because the company has no revenue. We did not identify any additional fraud risks.
We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation. These included those posted to unusual accounts;
- evaluating the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the Company's ability to operate. We identified the following areas as those most likely to have such an effect: health and safety and anti-bribery legislation, recognising the nature of Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUINTAIN (MANCHESTER) LIMITED

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that reports has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 preparing director's report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Rajan Thakrar (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

Date: 3 April 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 (Unaudited) £
Tax credit on losses	5	**2,839**	-
Total comprehensive income for the year		**2,839**	-

The notes on pages 10 to 15 form part of these financial statements.

QUINTAIN (MANCHESTER) LIMITED
REGISTERED NUMBER: 01574695

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 Unaudited £
Current assets					
Debtors: amounts falling due after more than one year	6	**5,220,225**		5,217,386	
Cash at Bank		**37**		37	
		5,220,262		5,217,423	
Creditors: amounts falling due within one year	7	**(32,175,977)**		(32,175,977)	
Net current liabilities			**(26,955,715)**		(26,958,554)
Total assets less current liabilities			**(26,955,715)**		(26,958,554)
Net liabilities			**(26,955,715)**		(26,958,554)
Capital and reserves					
Called up share capital	8		**2**		2
Profit and loss account			**(26,955,717)**		(26,958,556)
Shareholder's deficit			**(26,955,715)**		(26,958,554)

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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

DocuSigned by:
Philip Slavin
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P S Slavin
Director
31 March 2023
Date:

The notes on pages 10 to 15 form part of these financial statements.

QUINTAIN (MANCHESTER) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Profit and loss account	Shareholder's deficit
	£	£	£
At 1 January 2021	2	(26,958,556)	(26,958,554)
Comprehensive income for the year			
Profit for the year	-	2,839	2,839
Total comprehensive income for the year	-	2,839	2,839
At 31 December 2021	2	(26,955,717)	(26,955,715)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Shareholder's deficit
	£	£	£
At 1 January 2020	2	(26,958,556)	(26,958,554)
Total comprehensive income for the year	-	-	-
At 31 December 2020	2	(26,958,556)	(26,958,554)

The notes on pages 10 to 15 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared for the year ending 31 December 2021 under the historical cost convention. The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing the financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The financial statements have been prepared under the historical cost convention

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 16, 38A, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The Company is a member of the Bailey Acquisitions Limited group ('the Group').

As at 31 December 2021 the Company has net current liabilities and net liabilities of £26,955,715. The Company has payables due to other Group companies as disclosed in note 7 and receivables due from other Group companies as disclosed in note 6. Therefore, in assessing the Company's ability to continue as a going concern the Directors have therefore considered the ability of the Group to continue as a going concern.

To assess the Group's going concern, cash flows were modelled for a period of at least 12 months from the date of approving these financial statements and stress and scenario tests were applied to the Group's base case business plan. The stresses applied included further interest rate increases, delays in refinancing and delayed asset sale proceeds along with increased equity requirements for refinancing at lower LTVs.

The Group is financed through shareholder and external debt as set out in note 5.1 of the Group financial statements. The cash flow forecasts considered the ongoing financial obligations of those loans and the need to refinance in the foreseeable future, the available undrawn committed facility from the ultimate parent undertaking along with the fact a parent company LSREF IV Bailey Topco Limited has provided the Group with an intention that for at least 12 months from the date of approval of these financial statements, it will continue to make equity commitments available as required by the Group. The Group has made the same commitment to the Company for a period of not less than 12 months from the date of these financial statements.

As at 31 December 2022, 65% by value of the gross drawn external debt facilities were repayable within 12 months. This leaves the main corporate facility (representing 51% of gross external debt at 31 December 2022) which is due to expire in December 2023 ("group development facility"), and two

1. Accounting policies (continued)

smaller BTR investment facilities which expire in December 2023. The group development facility was extended a further year to December 2023 in December 2022. At the time of approving these financial statements, the Group are holding discussions with the lenders of the main corporate facility regarding an extension for a further 12 / 24 months past December 2023 however this is not yet documented or agreed. Since 31 December 2022 2 BTR facilities have either been refinanced or extended to December 2024 representing 13% of the gross drawn facilities.

The group's ongoing discussions in Q1 2023 demonstrates the investment liquidity available to the Group. The BTR investment market is widely banked, providing significant refinance liquidity to address the required facility maturities. Strong appetite exists from "high street" investment banks and insurance lenders and the lender universe is well known to Quintain from previous financings. During the recent refinances for Beton and Robinson, which completed in December 2021 and June 2022 respectively, the group received multiple sets of terms from lenders demonstrating very recent support for Wembley's stabilised investment assets. Given that, the directors have no reason to believe that the main corporate facility will not be refinanced at an appropriate level and terms.

In addition, the severe but plausible scenarios prepared as part of the forecasts indicated that additional funding requirements would be triggered if the sale of certain properties were delayed, a fall in property values resulted in the LTV covenant been exceeded or an increase in interest rates occurred.

Overall, based on inquiries the Directors have made of the Board of the Group, the Directors are confident that required refinancing can be achieved. However, there can be no certainty this will be the case. Should this not be the case then the Group will request an equity injection from its ultimate parent or can seek to dispose of certain assets.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that the parent company 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 the above, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However the continued availability of sufficient funding to the Group through debt refinancing or an equity injection, prior to their extended maturity dates up to December 2023, represent a material uncertainty that may cast significant doubt upon the Group and Company's ability to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.2 Debtors

Debtors are recognised at invoiced values less provisions for impairment. The Company measures impairments at an amount equal to lifetime expected credit losses (ECL). The only material debtors held by the Company are from other Group entities and are repayable on demand. Therefore the current financial statement position of the subsidiary is integral in determine the ECL.

1. Accounting policies (continued)

1.3 Creditors

Non-derivative trade and other payables are non-interest bearing, initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Borrowings are subsequently measured at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest rate basis.

1.4 Taxation

Tax on the profit and loss for the period comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is also recognised directly in equity or other comprehensive income.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax
Current tax is the expected tax payable or receivable on taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

ii. Deferred tax
Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities, using tax rates enacted or substantively enacted at the balance sheet.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements under FRS101 requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The estimates and associated assumptions are based on 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 judgements that are not readily apparent from other sources. However, the actual results may differ from these estimates. The Company must make judgements on the recoverability of its debtors at the reporting date and has a policy of providing for impairment based on the expected credit loss.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

3. Fees paid to Auditor

Fees of £1,965 (2020: £NIL) paid to the Company's auditor, KPMG LLP, for the audit of the Company have been wholly borne by a parent company, Quintain Limited.

No non-audit fees were paid to the auditor or its affiliates.

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £Nil)

5. Taxation

	2021 **£**	2020 (Unaudited) £
Corporation tax		
Adjustments in respect of prior periods	**(2,839)**	-
	(2,839)	-
Total current tax	**(2,839)**	-
Deferred tax		
Total deferred tax	**-**	-
Tax on loss on ordinary activities	**(2,839)**	-

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021 **£**	2020 (Unaudited) £
Effects of:		
Prior year adjustment in respect of current tax	**(2,839)**	-
Total tax credit for the year	**(2,839)**	-

Factors that may affect future tax charges

5. Taxation (continued)

The Group in which the company is a member has a policy of claiming / surrendering group relief for appropriate consideration and paying consideration for the transfer of capital gains to fellow group companies to be offset by tax losses.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020 and this change was substantively enacted on 17 March 2020. An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. Accordingly, deferred tax has been calculated at the substantively enacted rate of 25% at the balance sheet date. The Chancellor's summary statement on 17 October 2022 confirmed that the increase in the main rate of corporation tax from 19% to 25% from 1 April 2023 (legislated for in Finance Act 2021) will proceed.

6. Debtors

Amounts falling due after more than one year

Amounts owed by group undertakings	**5,220,225**	5,217,386
	5,220,225	5,217,386

Amounts owed by group undertakings are interest free and repayable on demand.

7. Creditors: amounts falling due within one year

	2021 £	2020 Unaudited £
Trade creditors	**4,865**	4,865
Amounts owed to group undertakings	**32,171,112**	32,171,112
	32,175,977	32,175,977

Amounts owed to group undertakings are interest free and are repayable on demand.

8. Share capital

	2021 £	2020 Unaudited £
Allotted, called up and fully paid		
200 Ordinary shares of £0.01 each	**2**	2

8. Share capital (continued)

Full details of the rights and obligations attached to the ordinary shares are contained in the Company's articles of association. These rights include an entitlement to receive the Company's annual report and financial statements, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. Holders of ordinary shares may also receive dividends and may receive a share of the Company's assets on the Company's liquidation. There are no restrictions on the transfer of ordinary shares.

9. Controlling party

At 31 December 2021 the Company's immediate parent was Quintain (No.19) Limited, registered address 180 Great Portland Street, London W1W 5QZ, a subsidiary of Bailey Acquisitions Limited, registered address 44 Esplanade, St Helier, Jersey, JE4 9WG. The only groups in which results of the Company are consolidatedare those headed by Bailey Acquisitions Limited and Quintain Finance Limited, both incorporated in Jersey, registered address 44 Esplanade, St Helier, Jersey, JE4 9WG. Group financial statements are available on request from 180 Great portland Sreet, London W1W 5QZ. The ultimate controlling party is LSREF IV Bailey Topco Limited, an entity incorporated in Bermuda.