

LIBERTY QUAY 2 (NEWCASTLE) LIMITED
Company Number 07376627

Annual Report and Audited Financial Statements
For the year ended 31 August 2017



LIBERTY QUAY 2 (NEWCASTLE) LIMITED

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For the year ended 31 August 2017

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LIBERTY QUAY 2 (NEWCASTLE) LIMITED

COMPANY INFORMATION

For the year ended 31 August 2017

Directors	Maximilian Biagosch Thomas Jackson Gabriel Behr Paul Mullins
Registered Number	07376627
Registered Office	Fifth floor Peninsular House 30-36 Monument Street London EC3R 8NB
Company Secretary	Rachel Heslehurst
Independent Auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ
Property Asset Manager	Liberty Living Limited Fifth floor Peninsular House 30-36 Monument Street London EC3R 8NB
Bank Details	HSBC 130 New Street Birmingham B2 4JU

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

Registered number: 07376627

DIRECTORS' REPORT

For the year ended 31 August 2017

The Directors of Liberty Quay 2 (Newcastle) Limited (the 'Company') present their Annual Report and the audited Financial Statements for the year ended 31 August 2017. This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. Accordingly, the Directors have elected to take advantage of the exemption from preparing a Strategic report.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The principal activity of the Company is the letting and management of property. The Directors do not foresee a change of the Company's principal activity in the near future.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider the following to be the principal risks and uncertainties which may affect the Company performance:

- continued availability of finance within the Liberty Living Holdings Inc. Group
- the supply of, and demand for Student Accommodation, and any associated reputation and compliance risks involved in the operation of the properties.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise intercompany balances. The Company is exposed to credit risk through cash held at bank with HSBC Bank plc. The Group's policy is to deposit with highly regarded institutions with credit ratings of at least "A-/A3" by S&P, Fitch or Moody's Investor Services. Other than intercompany balances, the Company has does not have significant credit risk with one single counterparty.

RESULTS AND DIVIDENDS

The Company made a loss for the year of £nil (2016: £nil), which has been transferred to reserves. Post year end the Company entered into steps that impacted balances with related group undertakings and equity. See note 10 for further details.

The Directors do not recommend the payment of a dividend (2016: £nil).

DIRECTORS

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

M Biagosch

T Jackson

J Kenny – resigned 3 April 2017

C Marshall – resigned 31 December 2016

P Rayner – resigned 30 November 2016

G Behr – appointed 30 November 2016

P Mullins – appointed 9 March 2018

At no time during the year or to date did any Director have any beneficial interest in the shares of the Company.

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 August 2017

DIRECTORS INDEMNITY

Liberty Living Holdings Inc. provides a deed of indemnity to the Directors to the extent permitted by UK law whereby Liberty Living Holdings Inc. indemnifies a Director against any liability incurred in proceedings in which the Director is successful, and against the cost of applying to the court for breach of duty where the Director acted honestly and reasonably. The indemnity has been in force for the year to 31 August 2017 and up to the date of approval of the annual report and financial statements.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual 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), 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 judgments 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.

STATEMENT OF DISCLOSURE TO AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that.

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 August 2017

GOING CONCERN

In considering the appropriateness of the going concern basis the Board have reviewed the key risks and uncertainties to which they believe the Company is exposed, the Company's ongoing financial commitments and the availability of sufficient resources for the next twelve months and beyond.

The Company meets its day to day working capital requirements using cash and intercompany borrowing facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facility.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As at the balance sheet date the Company is in a *net current liability position. Post year end the Company's capital base was restructured putting the Company into a net current asset position.* Thus, they continue to adopt the going concern basis in preparing the annual financial statements. See note 10 for further information.

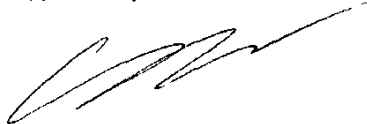
EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the year end are included in note 10 of the financial statements.

INDEPENDENT AUDITOR

The independent auditor, Deloitte LLP, have expressed their willingness to continue in office as auditor.

Approved by the Board of Directors on 24 April 2018 and signed on its behalf by:



Gabriel Behr
Director

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY QUAY 2 (NEWCASTLE) LIMITED

For the year ended 31 August 2017

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Liberty Quay 2 (Newcastle) Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY QUAY 2 (NEWCASTLE) LIMITED (CONTINUED)

For the year ended 31 August 2017

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY QUAY 2
(NEWCASTLE) LIMITED (CONTINUED)**

For the year ended 31 August 2017

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

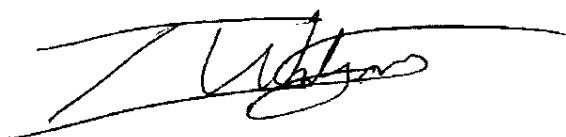
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Ian Whitefoot (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

25 April 2018

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 August 2017

	Note	2017 £000	2016 £000
Turnover	1	1,328	1,635
Operating costs		(1,176)	(1,505)
Administrative expenses		(152)	(130)
Operating profit and profit before tax	4	-	-
Tax on profit	5	-	-
Profit for the year		-	-

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 QUAY 2 (NEWCASTLE) LIMITED

BALANCE SHEET
As at 31 August 2017

	Note	2017 £000	2016 £000
Current assets			
Debtors due within one year	6	1,808	596
Cash at bank and in hand		-	519
		<u>1,808</u>	<u>1,115</u>
Creditors: amounts falling due within one year	7	<u>(1,907)</u>	<u>(1,214)</u>
Net current liabilities		<u>(99)</u>	<u>(99)</u>
Total assets less current liabilities		<u>(99)</u>	<u>(99)</u>
Net liabilities		<u>(99)</u>	<u>(99)</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account		<u>(99)</u>	<u>(99)</u>
Equity Shareholder's funds		<u>(99)</u>	<u>(99)</u>

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

The Financial Statements were approved by the Board of Directors on 24 April 2018 and signed on its behalf by:



Gabriel Behr
Director

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 August 2017

	Share capital £000	Profit and loss account £000	Total £000
At 1 September 2015	-	(99)	(99)
Profit for the year	-	-	-
Total comprehensive income	-	-	-
At 31 August 2016	-	(99)	(99)
Profit for the year	-	-	-
Total comprehensive income	-	-	-
At 31 August 2017	-	(99)	(99)

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

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 (£). The particular accounting policies adopted are described below.

General information and basis of accounting

Liberty Quay 2 (Newcastle) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on the company information page. The nature of the Company's operation and its principal activities are set out in the Directors' report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, 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 Liberty Living Holdings Inc. 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.

Turnover

Turnover, which relates to the provision of student accommodation, represents rental income which is accounted for on an accruals basis and ancillary income. Rental income received in advance is recognised as deferred income on the balance sheet and recognised as turnover over the rental contract term to which it relates. Ancillary income is recognised on the date that the charge is incurred. Turnover is stated net of VAT and is wholly derived from the United Kingdom.

Taxation

Current tax, being UK corporation tax, 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 QUAY 2 (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2017

Financial instruments

The Company's financial instruments comprise debtors, cash and cash equivalents and creditors. Debtors and creditors include 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.

Leases

Rentals payable under operating leases are charged to the profit and loss account on an accrual basis over the term of the lease on a straight line basis.

Going Concern

In The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. See the Directors report for details on the Directors going concern assessment.

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 QUAY 2 (NEWCASTLE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 August 2017****3. STAFF COSTS**

	2017	2016
	£000	£000
Salary and wages	73	136
Pension costs	2	1
Social security costs	5	8
Total salary and wage costs	80	145
Average monthly number of staff - operations	6	7

Directors

The Directors were not remunerated by the Company in either year as they are employed and remunerated for their service to the wider Liberty Living Holdings Inc. Group. Certain Directors are employed within the Liberty Living Holdings Inc. Group by Liberty Living Limited and details of remuneration paid by the company are set out in its financial statements. Where Directors are employed by the Canada Pension Plan Investment Board no charge for remuneration is made in the Liberty Living Holdings Inc. Group.

4. OPERATING PROFIT

The operating profit is stated after charging:

	2017	2016
	£000	£000
Contingent rent payable on operating leases	690	964

Auditor's remuneration of £8,000 (2016 - £6,000) in respect of the 2017 audit of the Company's financial statements has been borne by related group company.

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2017

5. TAX ON PROFIT

Analysis of the tax charge

The tax assessed for the year is the same as (2016: the same as) the standard rate of corporation tax and the differences are explained below:

Factors affecting the tax charge:

	2017	2016
	£000	£000
Profit before tax	-	-
Profit multiplied by the standard rate of corporation tax in the UK of 19.58% (2016:20%)	-	-
Effects of:		
Group relief not paid	-	15
Expenditure not tax deductible net of property relief	-	(15)
Total tax charge	-	-

The Finance Act 2016, which was substantively enacted on 15 September 2016, provided for a further reduction in the main rate of UK corporation tax from 19% to 17% with effect from 1 April 2020. This change has been taken into account in calculating the current year tax charge, where applicable.

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2017

6. DEBTORS DUE WITHIN ONE YEAR

	2017	2016
	£000	£000
Amounts owed from Group related undertakings	1,775	587
Tax and social security	3	4
Other debtors	25	1
Prepayments and accrued income	5	4
	1,808	596

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£000	£000
Bank overdraft	25	-
Trade creditors	66	-
Tax and social security	5	6
Other creditors	2	178
Accruals	207	178
Deferred income	-	35
Amounts owed to Group related undertakings	1,602	817
	1,907	1,214

Post year end the Company capitalised a balance owed to a related group undertaking. See note 10 for further details.

8. SHARE CAPITAL

Allotted, called up and fully paid

	2017	2017	2016	2016
	£	Number of shares	£	Number of shares
Ordinary shares of £1 each	1	1	1	1

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

LIBERTY QUAY 2 (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2017

9. CONTROLLING PARTIES

The Company's immediate parent company is Liberty Living (LQ2 Newcastle) Limited, a company incorporated and registered in the United Kingdom. The ultimate controlling party is the Canada Pension Plan Investment Board. The smallest and largest group to consolidate these accounts is the group headed by Liberty Living Holdings Inc., a company incorporated in Canada.

The registered office address of the above companies is set out below:

Liberty Living (LQ2 Newcastle) Limited	Fifth Floor Peninsular House, 30-36 Monument Street, London, United Kingdom, EC3R 8NB
Canada Pension Plan Investment Board	One Queen Street East, Suite 2500, Toronto, ON M5C 2W5, Canada
Liberty Living Holdings Inc.	One Queen Street East, Suite 2500, Toronto, ON M5C 2W5, Canada

10. SUBSEQUENT EVENTS

External Group financing

On 13 November 2017 a related group undertaking, Liberty Living Finance plc, entered into a £400m Facilities agreement with HSBC Bank plc, the Royal Bank of Canada and the Royal Bank of Scotland plc with a five year term. On 28 November 2017, the same undertaking issued two £300m bond tranches with maturities of seven and 12 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.

Capital restructure

Post year end the Company entered into the following steps impacting net assets and equity:

- On 12 January 2018 the Company's sole member subscribed for 1 ordinary share of £1.00 in the Company for a total amount of £1,496,000 and pursuant to the Deed of Set-off, the Company's sole member and the Company set-off the consideration paid for the allotment and issue of the £1.00 share in the Company referred to above against the amount of a loan due from the Company to the Company's sole member being in total £1,496,000. Therefore the amount of the Consideration shall be discharged in its entirety and the loan amount shall be reduced to nil.
- On 17 January 2018 the Company undertook a capital reduction of its share capital and share premium to the profit and loss reserve of £1,496,000.
- On 17 January 2018 the Company made a bonus issue to the sole member of the Company of one new ordinary share in the Company by capitalising an amount standing to the credit of the Company's profit and loss reserve equal to £1,397,000.
- On 22 January 2018 the Company undertook a second capital reduction of its share capital and share premium to the profit and loss reserve of £1,397,000.

At the year end the Company was in a net current liability position and net liability position. Following these steps the Company was in a net current asset and net asset position.