

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements

For the year ended 31 December 2022

Company Registration No. 09504834 (England and Wales)



QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

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QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Company Information

Directors

Rick De Blaby

Daniel Mark Greenslade

Registered office

6th Floor Landsdowne House

Berkeley Square

London

W1J 6ER

United Kingdom

Auditors

Ernst & Young LLP

1 More Place

London

SE1 2AF

United Kingdom

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Directors' Report

The Directors present the annual report and the audited financial statements for the year ended 31 December 2022.

Directors

The Directors who served during the year, and at the date of this report were:

- Rick De Blaby
- Daniel Mark Greenslade (appointed 18 July 2022)
- Emma Parr (resigned 18 July 2022)

Principal activities

The Company is incorporated and registered in England and Wales under the Companies Act 2006 as a private company limited by shares. The principal activity of the Company is to provide financing to subsidiary companies. The Company has Mezzanine bank debt which was entered into in January 2016. As at 31 December 2022, the utilised balance including accrued interest and fees was £64.4m (December 2021: £62.3m).

Results and dividends

The profit for the year amounted to £42,000 (2021: £743,000). The directors do not recommend payment of a dividend for the year (2021: £nil).

Principal risks and uncertainties

The Company finances its activities with a loan from its immediate parent company and an external funding facility, it is therefore exposed to the following financial and market risks:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company aims to mitigate liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Company. The Company aims to mitigate credit risk by assessing and continuing to review the creditworthiness of counterparties with which it transacts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company has no significant assets or liabilities denominated in currencies other than Pounds Sterling and was therefore not exposed to currency risk at the reporting date.

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Directors' Report (continued)

Principal risks and uncertainties (continued)

Interest rate risk

The Company's interest-bearing financial assets and liabilities expose it to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Company makes use of derivative financial instruments where possible to mitigate its overall exposure to such movements.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered cash flow requirements for the period to 30 June 2024 (the "going concern period").

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Get Living PLC. The Directors have received confirmation that Get Living PLC will support the Company for a period until 30 June 2024, which is a period of at least one year after the date these financial statements are approved and signed. The Company's ability to meet its future liabilities is therefore dependent on the financial performance and position of the Get Living PLC Group as a whole (the "PLC Group"). The Directors have carried out a review, including consideration of appropriate forecasts, which indicate that the Company will have adequate resources to continue to trade for the going concern period based on the ongoing liquidity of the PLC Group.

At a PLC Group level, considerations included potential risks and uncertainties in the business, including the availability and repayment profile of bank facilities and shareholder facilities, as well as forecast covenant compliance. In addition, the Directors considered the potential future risks of economic uncertainty related to a subdued global economic outlook, including the crisis in Ukraine and aftermath of the global pandemic driving global supply constraints leading to high inflation and a cost of living crisis, along with high interest rates as a result of UK political instability and policy changes. The going concern review reflects current trading trends at high occupancies for stabilised assets, a strong launch of lease-up assets and continued strong rental growth. The PLC Group has four debt facilities which expire during the going concern period, of which one has the option to extend to March 2025, with the conditions to do so considered to be within the PLC Directors control. The PLC Directors are confident in the PLC Group's ability to refinance these debt facilities. The PLC Directors have held discussions with a number of potential lenders on the refinancings and a series of competitively priced indicative quotes have been received, subject to credit committee approval. The PLC Directors are confident that the market appetite for lending against Private Rented Sector ("PRS") assets remains strong and that Get Living PLC is well placed to secure the required financing. However, if the PLC Group is not successful in refinancing the debt facilities, it will be reliant on shareholders providing funds to support the repayment of existing debt facilities. The PLC Directors have therefore concluded that there is a material uncertainty with respect to refinancing the loan facilities which may cast significant doubt over the PLC Group's ability to continue as a going concern.

Based on this, together with available market information and the Directors' knowledge and experience of the Company, the Directors believe that subject to the material uncertainty relating to the PLC Group achieving the refinancing described above, and the subsequent ability of Get Living PLC to provide support to the Company, the Company will be able to manage its business risks successfully. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements, however, the matters described above result in the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Directors' Report (continued)

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are shown above. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' indemnity

The Company has in place appropriate Directors' and Officers' liability insurance cover in respect of potential legal action against its Directors. These indemnities are qualifying third-party indemnity provisions as defined by Section 234 of the Companies Act 2006. The indemnities were valid throughout the period and are currently valid.

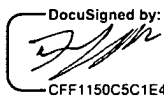
Auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the Company is to be proposed at the forthcoming annual general meeting.

Small companies' exemption

In preparing the report and financial statements, the Directors have taken advantage of the small companies' exemption provided under the Companies Act 2006. The Directors have also taken advantage of the exemption provided under Section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 for the requirement to produce a Strategic Report for the year.

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

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Daniel Mark Greenslade
Director

Date: 29 June 2023

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable UK 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 Company 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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report that complies with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Independent Auditor's Report to the Members of QDD EV N06/N08 Holdco 3 Limited

Opinion

We have audited the financial statements of QDD EV N06/N08 Holdco 3 Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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.

Material uncertainties relating to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Company is reliant on financial support from the ultimate parent company, Get Living Plc. Note 2 indicates there is a material uncertainty relating to the Get Living Plc Group's refinancing of the Portland's Place, New Maker Yards 1 and New Maker Yards 2 debt facilities which fall due in the going concern period.

As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists 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.

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Members of QDD EV N06/N08 Holdco 3 Limited (continued)

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.

Matters on which we are required to report by exception

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 material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

Independent Auditor's Report to the Members of QDD EV N06/N08 Holdco 3 Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice)), UK Companies Act 2006 and the relevant tax regulations in the United Kingdom.
- We understood how QDD EV N06/N08 Holdco 3 Limited is complying with those frameworks through enquiry with Management, and by identifying the policies and procedures regarding compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance. We corroborated our enquiries through our review of board minutes and papers provided to the board, as well as consideration of the results of our audit procedures across the Company to either corroborate or provide contrary evidence which was then followed up. Our assessment included the tone from the top and the emphasis on a culture of honest and ethical behaviour.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by reviewing the Company's principal risks and uncertainties, enquiry with Management during the planning and execution phases of our audit.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved the following:
 - Inquire of members of senior management, and when appropriate, those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements.
 - Reading minutes of meetings of those charged with governance.
 - Obtaining and reading correspondence from legal and regulatory bodies including HMRC.
 - Performing journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business.

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

Use of our report

This report is made solely to the 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.

DocuSigned by:

Ernst & Young LLP

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Oxana Dorrington (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 29 June 2023

QDD EV N06/N08 Holdco 3 Limited*Annual report and financial statements for the year ended 31 December 2022***Statement of Comprehensive Income**

	Notes	2022 £'000	2021 £'000
Administrative expenses		(2)	(4)
Operating loss	4	(2)	(4)
Interest receivable and similar income	5	5,159	3,608
Interest payable and similar charges	6	(5,396)	(3,837)
Change in fair value of derivatives	13	281	976
Profit on ordinary activities before taxation		42	743
Tax	7	-	-
Profit on ordinary activities after taxation		42	743
Other comprehensive income		-	-
Total comprehensive profit for the year		42	743


QDD EV N06/N08 Holdco 3 Limited*Annual report and financial statements for the year ended 31 December 2022***Statement of Financial Position**

	Notes	2022 £'000	2021 £'000
Non-current assets			
Investment in subsidiaries	8	12,210	12,145
Loans to subsidiaries	9	97,643	92,383
Total non-current assets		109,853	104,528
Current assets			
Debtors	10	1,446	1,212
Cash at bank		136	139
Total current assets		1,582	1,351
Current liabilities			
Creditors: amounts falling due within one year	11	(5,264)	(4,967)
Loans and borrowings	12	(64,389)	-
Net current liabilities		(68,071)	(3,616)
Total assets less current liabilities		41,782	100,912
Non-current liabilities			
Loans and borrowings	12	(33,254)	(92,210)
Derivative financial liabilities	13	-	(281)
Net assets		8,528	8,421
Capital and reserves			
Share capital	14	-	-
Other equity reserve	15	24,228	24,163
Retained deficit		(15,700)	(15,742)
Total equity		8,528	8,421

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

The notes on pages 13 to 24 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors for issue on 27 June 2023 and were signed on its behalf by:

DocuSigned by:

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Daniel Mark Greenslade

Director

Date: 29 June 2023

Company Registration No. 09504834 (England and Wales)

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Statement of Changes in Equity

	Share capital	Other equity reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000
As at 1 January 2021	-	22,495	(16,485)	6,010
Other equity contributions	-	1,668	-	1,668
Total comprehensive profit for the year	-	-	743	743
As at 31 December 2021	-	24,163	(15,742)	8,421
Other equity contributions	-	65	-	65
Total comprehensive profit for the year	-	-	42	42
As at 31 December 2022	-	24,228	(15,700)	8,528

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Notes to the Financial Statements

1. Statement of compliance with FRS 101

These Company financial statements were prepared in accordance with Financial Reporting Standard 101 for "Reduced Disclosure Framework" (FRS 101) and under the historical cost convention. The financial statements are prepared in accordance with the Companies Act 2006.

2. Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022. The financial statements have been prepared for the year ended 31 December 2022 with the comparative period being the year ended 31 December 2021. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

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

- the requirements of IFRS 7 Financial Instruments: Disclosures - the management of financial risk disclosures including management of credit, liquidity, and market risk and interest rate sensitivity analysis;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement - disclosures around fair values of assets and liabilities;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 76 of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 16, 111 and 134-136 (objectives, policies and processes for managing capital) of IAS 1 Presentation of Financial Statements - presentation of statement of cash flows, explicit and unreserved statement of compliance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - disclosure of new accounting standards and interpretations that have been issued but are not yet effective;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures - disclosure relating to compensation of key management personnel;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between the parent and wholly-owned subsidiaries; and
- the requirements of paragraphs 52, 89, 90, 91 and 93 of IFRS 16 Leases.

Exemption from preparing group financial statements

The Company is a wholly owned subsidiary of Get Living PLC, a company incorporated in England and Wales, which prepares consolidated financial statements. Therefore, the Company is exempted under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The financial statements present information about the Company alone and not about its group.

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Notes to the Financial Statements (continued)

2. Basis of preparation (continued)

Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered cash flow requirements for the period to 30 June 2024 (the “going concern period”).

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Get Living PLC. The Directors have received confirmation that Get Living PLC will support the Company for a period until 30 June 2024, which is a period of at least one year after the date these financial statements are approved and signed. The Company’s ability to meet its future liabilities is therefore dependent on the financial performance and position of the Get Living PLC Group as a whole (the “PLC Group”). The Directors have carried out a review, including consideration of appropriate forecasts, which indicate that the Company will have adequate resources to continue to trade for the going concern period based on the ongoing liquidity of the PLC Group.

At a PLC Group level, considerations included potential risks and uncertainties in the business, including the availability and repayment profile of bank facilities and shareholder facilities, as well as forecast covenant compliance. In addition, the Directors considered the potential future risks of economic uncertainty related to a subdued global economic outlook, including the crisis in Ukraine and aftermath of the global pandemic driving global supply constraints leading to high inflation and a cost of living crisis, along with high interest rates as a result of UK political instability and policy changes. The going concern review reflects current trading trends at high occupancies for stabilised assets, a strong launch of lease-up assets and continued strong rental growth. The PLC Group has four debt facilities which expire during the going concern period, of which one has the option to extend to March 2025, with the conditions to do so considered to be within the PLC Directors control. The PLC Directors are confident in the PLC Group’s ability to refinance these debt facilities. The PLC Directors have held discussions with a number of potential lenders on the refinancings and a series of competitively priced indicative quotes have been received, subject to credit committee approval. The PLC Directors are confident that the market appetite for lending against Private Rented Sector (“PRS”) assets remains strong and that Get Living PLC is well placed to secure the required financing. However, if the PLC Group is not successful in refinancing the debt facilities, it will be reliant on shareholders providing funds to support the repayment of existing debt facilities. The PLC Directors have therefore concluded that there is a material uncertainty with respect to refinancing the loan facilities which may cast significant doubt over the PLC Group’s ability to continue as a going concern.

Based on this, together with available market information and the Directors’ knowledge and experience of the Company, the Directors believe that subject to the material uncertainty relating to the PLC Group achieving the refinancing described above, and the subsequent ability of Get Living PLC to provide support to the Company, the Company will be able to manage its business risks successfully. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements, however, the matters described above result in the existence of a material uncertainty which may cast significant doubt over the Company’s ability to continue as a going concern.

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Notes to the Financial Statements (continued)

2. Basis of preparation (continued)

Judgements and estimates

The preparation of financial statements in conformity with UK adopted international accounting standards requires the use of critical judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and assumptions concerning the future, and the accounting results of those estimates may not equal the related actual results.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant notes forming part of these financial statements as discussed below.

Other sources of estimation uncertainty

Discount rate on interest free loans

The Company enters into interest free loans with other entities within the PLC Group. These loans are measured at fair value, represented by the present value of future cash flows discounted at the market rate of interest at the date of the initial drawdown. In determining the market rate of interest, management considers interest rates which could be achieved on external funding, and other market observations.

3. Summary of significant accounting policies

a) New and amended standards and interpretations effective in the current financial period

The Company considers new standards and amendments to existing standards that are applicable for the first time in the current financial period. These standards and amendments are either not relevant or do not have a material impact on the Company's financial statements.

b) Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest rate.

c) Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax is the expected tax payable on any non-REIT taxable profits for the period, using tax rates applicable at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the rate substantively enacted at the Statement of Financial Position date. Deferred tax assets are not recognised where there is a high degree of uncertainty as to their future utilisation.

d) Investment in subsidiaries

The investment in subsidiaries is shown at cost less provision for impairment. Impairment exists when the carrying value of an investment in subsidiary exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The underlying net assets of the subsidiary are deemed to be the recoverable amount.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. If the Company loses control over a subsidiary, it derecognises the investment in subsidiary with any resultant gain or loss being recognised in the Statement of Comprehensive Income.

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Notes to the Financial Statements (continued)

3. Summary of significant accounting policies (continued)

e) Financial instruments

Trade and other debtors are initially recognised on the Statement of Financial Position at fair value when the Company has become party to the contractual provisions of the instruments.

They are subsequently measured at amortised cost using the effective interest rate method if the time value of money may have a significant impact on their value.

Classification is determined by the nature of the cash flows of the assets and the business model in which they are held.

The Company assesses the recoverability of its debtors on a forward-looking basis and provides for impairment through an expected credit loss model. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the debtor. In determining the expected credit losses the Company takes into account any recent payment behaviours and future expectations of likely default events based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements and market expectations and trends in the wider macro-economic environment in which customers operate. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows. The movement in the provision is recognised in the Statement of Comprehensive Income.

Debtor balances are written off when the probability of recovery is assessed as being remote.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

After initial recognition the Company's financial liabilities are subsequently held at amortised costs.

f) Interest free loans and other equity reserves

Receivables and payables for interest free intercompany loans are recognised when the Company becomes party to the related contracts and are measured initially at the fair value represented by the present value of future cash flows discounted at market rate of interest at initial drawdown. Where the Company is the borrower, an other equity reserve is recognised, being the difference between the present value of future cash flows and the consideration advanced. Where the Company is the lender, an increase in the cost of the investment in subsidiary is recognised, being the difference between the present value of future cash flows and the consideration received.

After initial recognition, interest free intercompany loans are subsequently measured at amortised cost using the effective interest method. The discount between the redeemable amount and the net proceeds is accreted over the term of the loan and charged to the Statement of Comprehensive Income.

In the event of an early repayment of an interest free intercompany loan, a fair value adjustment is made to the loan balance with the corresponding adjustment made to either reduce the other equity reserve, where the Company is the borrower, or the cost of the investment in the subsidiary, where the Company is the lender.

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Notes to the Financial Statements (continued)

3. Summary of significant accounting policies (continued)

g) Interest bearing loans

Receivables and payables for interest bearing loans are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest method. The discount between the redeemable amount and the net proceeds is accreted over the term of the loans and charged to the Statement of Comprehensive Income.

h) Cash at bank

Cash at bank earns interest at the respective bank deposit rates. Cash at bank includes amounts accessible by the Company, even where there are legal or contractual restrictions on their use following a clarification by IFRIC on the presentation of monies that have legal or contractual restrictions on their use but are nevertheless physically accessible.

i) Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to fluctuating interest rates where loans and borrowings have variable reference rates. Derivative financial instruments are initially recognised at cost and subsequently remeasured to fair value at each Statement of Financial Position date. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income as they arise. Derivatives are valued by an external consultant using a discounted cash flow model and market information.

Derivatives are derecognised either when they are sold to a third party or the termination date is reached. On a sale to a third party the price paid is considered to be the fair value at that date with any difference between the carrying value and the sales proceeds being taken as a change in the fair value of the derivative. All derivatives have nil fair value on reaching termination so no further adjustment is required for derecognition.

The Company does not apply hedge accounting.

QDD EV N06/N08 Holdco 3 Limited*Annual report and financial statements for the year ended 31 December 2022***Notes to the Financial Statements (continued)****4. Operating result**

Operating loss is stated after charging:

	<u>2022</u>	<u>2021</u>
	£'000	£'000
Auditor's remuneration	-	-

An audit fee of £4,000 (2021: £5,000) has been borne by QDD Athletes Village UK Limited, another group company.

The company had no employees during the year (2021: nil).

Directors' remuneration

The Directors received total remuneration for their services to the Get Living PLC Group for the year of £1.7m (2021: £1.0m), all of which was paid by Get Living London Limited, a subsidiary of Get Living PLC. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as directors of fellow subsidiary companies.

5. Interest receivable and similar income

	<u>2022</u>	<u>2021</u>
	£'000	£'000
Imputed interest receivable on interest free intercompany loan	2,869	2,337
Interest receivable on intercompany loan	<u>2,290</u>	<u>1,271</u>
	<u><u>5,159</u></u>	<u><u>3,608</u></u>

6. Interest payable and similar charges

	<u>2022</u>	<u>2021</u>
	£'000	£'000
Interest payable on term loan	2,290	1,270
Amortised arrangement fees	173	230
Imputed interest charge on interest free intercompany loan	2,869	2,337
Other finance cost	64	-
	<u><u>5,396</u></u>	<u><u>3,837</u></u>

QDD EV N06/N08 Holdco 3 Limited*Annual report and financial statements for the year ended 31 December 2022***Notes to the Financial Statements (continued)****7. Taxation**

	2022	2021
	£'000	£'000
Current tax charge	-	-
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	42	743
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 19% (2021: 19%)	8	141
<i>Effect of:</i>		
Exempt REIT expense/(income)	-	(240)
Fair value adjustments	-	(186)
Imputed interest income not taxable for tax purposes	(545)	(444)
Imputed interest expense not deductible for tax purposes	545	444
CIR disallowance	-	285
Other tax adjustments	(8)	-
Tax charge	-	-

The Company is part of a UK Real Estate Investment Trust (REIT) and is subject to taxation as such. As a result, the Company does not pay United Kingdom corporation tax on the profits and gains from its qualifying rental business in the United Kingdom provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal.

The Company has no unrecognised deferred tax assets as at 31 December 2022 (2021: £0.2m).

Deferred tax is calculated at the rate substantively enacted at the Statement of Financial Position date of 25% (2021: 25%).

QDD EV N06/N08 Holdco 3 Limited*Annual report and financial statements for the year ended 31 December 2022***Notes to the Financial Statements (continued)****8. Investment in subsidiaries**

	2022	2021
	£'000	£'000
Opening balance	12,145	10,477
Fair value adjustment on issue of interest free loans note (9)	65	1,668
Impairment of investment in subsidiary	-	-
	12,210	12,145

The investment in subsidiaries balance is a result of shares held in subsidiary undertakings and fair value adjustments made to interest free intercompany loans, offset by any historic impairments. The Directors believe the carrying value of investments are supported by their underlying net assets. An assessment of the net recoverable amounts of investments has been performed to determine whether there is any need for an impairment. There was no impairment recognised in the current year (2021: £nil).

The Company owns 100% of the ordinary share capital of QDD EV N06/N08 Holdco 4 Limited, being incorporated in England and Wales.

9. Loans to subsidiaries

	2022	2021
	£'000	£'000
Intercompany loan to subsidiaries - Interest free	33,254	30,050
Intercompany loan to subsidiaries - Interest bearing	64,389	62,333
	97,643	92,383

The interest free intercompany loan to the subsidiary, QDD EV N06/N08 Holdco 4 Limited, was issued during a previous financial period. The loan is interest free and repayable in November 2024. Loan drawdowns are valued at the net present value of future cash flows, using the market interest rate of 10%.

	Total drawdown	Drawdown as investments	Drawdown as receivable	Imputed interest	Total receivable
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2021	31,383	12,644	18,739	3,642	22,381
Drawdowns	7,000	1,668	5,332	-	5,332
Imputed interest (note 5)	-	-	-	2,337	2,337
As at 31 December 2021	38,383	14,312	24,071	5,979	30,050
Drawdowns	400	65	335	-	335
Imputed interest (note 5)	-	-	-	2,869	2,869
As at 31 December 2022	38,783	14,377	24,406	8,848	33,254

QDD EV N06/N08 Holdco 3 Limited*Annual report and financial statements for the year ended 31 December 2022***Notes to the Financial Statements (continued)**

The interest bearing intercompany loan to the subsidiary, QDD EV N06/N08 Holdco 4 Limited, was issued during a previous financial period. The loan is interest bearing and repayable in November 2024. Interest is incurred monthly and accrued onto the loan balance.

The Company has considered the recoverability of loans to subsidiaries at the reporting date based on the expected credit loss model. The expected credit loss calculated is immaterial to the Company.

10. Debtors

	<u>2022</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>
Current		
Amounts due from group undertakings	<u>1,446</u>	<u>1,212</u>
	<u>1,446</u>	<u>1,212</u>

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Management have assessed the recoverability of amounts due from group undertakings using the expected credit loss model and believe that the likelihood of default is minimal based on support provided by the ultimate parent company.

11. Creditors: amounts falling due within one year

	<u>2022</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>
Trade creditors	4	5
Other creditors	124	-
Amounts due to group undertakings	<u>5,136</u>	<u>4,962</u>
	<u>5,264</u>	<u>4,967</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

QDD EV N06/N08 Holdco 3 Limited*Annual report and financial statements for the year ended 31 December 2022***Notes to the Financial Statements (continued)****12. Loans and borrowings**

	2022	2021
	£'000	£'000
Current		
Term loan - short term	64,389	-
	64,389	-
Non-current		
Term loan	-	62,333
Deferred term loan arrangement fees	-	(173)
Intercompany loan from parent - Interest free	33,254	30,050
	33,254	92,210

The interest free intercompany loan due to a parent entity, QDD EV N06/N08 Holdco 2 Limited, was issued during a previous financial period. The loan is interest free and repayable in November 2024. Loan drawdowns are valued at the net present value of future cash flows, using the market interest rate of 10%.

	Total drawdown	Drawdown as equity	Drawdown as payable	Imputed interest	Total payable
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2021	31,383	12,644	18,739	3,642	22,381
Drawdowns	7,000	1,668	5,332	-	5,332
Imputed interest (note 6)	-	-	-	2,337	2,337
As at 31 December 2021	38,383	14,312	24,071	5,979	30,050
Drawdowns	400	65	335	-	335
Imputed interest (note 6)	-	-	-	2,869	2,869
As at 31 December 2022	38,783	14,377	24,406	8,848	33,254

The term loan is repayable on 30 September 2023.

The Company has Mezzanine bank debt which was entered into in January 2016. As at 31 December 2022, the utilised balance including accrued interest and fees was £64.4m (December 2021: £62.3m). The total available commitment is £67.5m and the loan is repayable in September 2023.

QDD EV N06/N08 Holdco 3 Limited*Annual report and financial statements for the year ended 31 December 2022***Notes to the Financial Statements (continued)****13. Derivative financial instruments**

	<u>2022</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>
Opening balance	(281)	(1,258)
Change in fair value of derivatives	<u>281</u>	<u>976</u>
	<u><u>-</u></u>	<u><u>(282)</u></u>

The fair value of derivatives is calculated using the present value of the estimated future cash flows and the credit quality of counterparties. The derivatives were valued by an external consultant using a discounted cash flow model and market information. The derivatives reached maturity in September 2022.

14. Share capital

	<u>2022</u>	<u>2021</u>
	<u>£</u>	<u>£</u>
<i>Allotted, called up share capital</i>		
1 ordinary share of £1 par value	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

Holders of ordinary shares are entitled to one vote per share. The shares are unpaid for the current and prior financial years. The Company is authorised to issue unlimited shares.

15. Other equity reserve

	<u>2022</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>
Opening balance	24,163	22,495
Fair value adjustment on issue of interest free loans (Note 12)	<u>65</u>	<u>1,668</u>
	<u><u>24,228</u></u>	<u><u>24,163</u></u>

The other equity reserve balance is a result of fair value adjustments made to the interest free intercompany loan due to parent (note 12). This balance is non-distributable.

QDD EV N06/N08 Holdco 3 Limited

Annual report and financial statements for the year ended 31 December 2022

Notes to the Financial Statements (continued)

16. Related party disclosures

The Company's immediate parent undertaking is QDD EV N06/N08 Holdco 2 Limited, an entity registered and incorporated in England and Wales. The Company's ultimate parent undertaking is Get Living PLC, an entity registered and incorporated in England and Wales.

As at 31 December 2022, Get Living PLC was jointly controlled as follows:

- (i) By DOOR SLP, a limited partnership registered and incorporated in Jersey; and
- (ii) By QD UK Holdings LP, a limited partnership registered and incorporated in Scotland; and
- (iii) By Stichting Depositary APG Strategic Real Estate Pool, a pension fund asset manager based in the Netherlands.

Get Living PLC is the smallest group to consolidate these financial statements. Get Living PLC's financial statements are available online from Get Living PLC's website.

Transactions between the Company and fellow group entities are summarised in notes 5, 6, 8, 9, 10, 11, 12 and 15.

17. Commitments

There were no commitments as at 31 December 2022 (2021: £nil).

18. Contingent liabilities

There were no contingent liabilities as at 31 December 2022 (2021: £nil).

19. Subsequent events

Subsequent to the year-end QD UK Holdings LP, one of the Company's controlling parties, exchanged on a transaction to dispose of its entire shareholding in Get Living PLC to Aware Super, an Australian superannuation fund.

There have been no further events or conditions since the balance sheet date that indicate any adjustment would be required to the financial statements.