

LIBERTY LIVING (LIBERTY AP) LIMITED

**Annual Report and Audited Financial Statements
For the year ended 31 August 2015**

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LIBERTY LIVING (LIBERTY AP) LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
For the year ended 31 August 2015

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LIBERTY LIVING (LIBERTY AP) LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
For the year ended 31 August 2015

DIRECTORY

Directors:

J Mortimore (appointed 22 September 2015 and resigned 8 December 2015)
A Orlandi (appointed 5 March 2015)
T Jackson (appointed 5 March 2015)
C Marshall (appointed 5 March 2015)
R Boyland (resigned 5 March 2015)
R McNally (resigned 5 March 2015)
P Rayner (appointed 20 January 2016)

Registered Number:

3633307 (England and Wales)

Registered Office:

32nd Floor
30 St Mary Axe
London EC3A 8BF
United Kingdom

Company Secretary:

Peter Geoffrey Cross

Independent Auditor:

Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

Property Valuer:

Knight Frank LLP
55 Baker Street
London W1U 8AN
United Kingdom

Solicitors:

Nabarro LLP
125 London Wall
London EC2Y 5AL
United Kingdom

Property Asset Manager:

Liberty Living Limited (formerly Liberty Living Management Two Limited)
32nd Floor
30 St Mary Axe
London EC3A 8BF
United Kingdom

Bank Details:

HSBC
130 New Street
Birmingham,
London B2 4JU
United Kingdom

LIBERTY LIVING (LIBERTY AP) LIMITED

Registered Number: 3633307 (England and Wales)

DIRECTORS' REPORT

The Directors of Liberty Living (Liberty AP) Limited (the "Company") present their Annual Report and the audited Financial Statements for the year ended 31 August 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company and the Group (being the Company's intermediate parent, Liberty Living Investments Limited, and its subsidiaries) is to invest in student accommodation throughout the United Kingdom.

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

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

RESULTS AND DIVIDENDS

The Company made a profit for the year of £1,421,788 (2014: profit of £1,731,115), which has been transferred to reserves.

The Directors do not recommend the payment of a dividend (2014: £nil).

CONTROLLING PARTY

On 5th March 2015 the Company's immediate parent company Liberty Living UK Limited was acquired by Liberty Living Investments Limited ("LLIL"), a subsidiary of CPPIB Liberty Living Inc. (a Canadian company) which is itself a subsidiary of the Canada Pension Plan Investment Board ("CPPIB"). The minority interest shares of the Company were also acquired by LLIL on this date.

DIRECTORS

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

J Mortimore (appointed 22 September 2015 and resigned 8 December 2015)

A. Orlandi (appointed 5 March 2015)

T. Jackson (appointed 5 March 2015)

C. Marshall (appointed 5 March 2015)

R Boyland (resigned 5 March 2015)

R McNally (resigned 5 March 2015)

P Rayner (appointed 20 January 2016)

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

SECRETARY

The Secretary of the Company during the year and to date is:

Peter Geoffrey Cross (appointed 5 March 2015)

Brandeaux Administrators Limited (resigned 5 March 2015)

GOING CONCERN

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 in preparing the annual financial statements. See accounting policies note 2 for further information.

LIBERTY LIVING (LIBERTY AP) LIMITED

Registered Number: 3633307 (England and Wales)

DIRECTORS' REPORT (CONTINUED)

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT OF DISCLOSURE TO AUDITOR

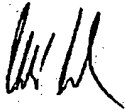
Each of the persons who is a director at the date of approval of this report confirms that: so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all the necessary steps that they ought to have taken as directors 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.

INDEPENDENT AUDITOR

The independent auditors, Deloitte, Chartered Accountants and Statutory Audit Firm, have signified their willingness to remain in office.

Approved by the Board of Directors on 14 MARCH 2016 and signed on its behalf by:



C Marshall
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY LIVING (LIBERTY AP) LIMITED

We have audited the financial statements of Liberty Living (Liberty AP) Limited for the year ended 31 August 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2015 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY LIVING (LIBERTY AP) LIMITED

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Eimear McCarthy, ACA
for and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

Date: 14 March 2016

LIBERTY LIVING (LIBERTY AP) LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 31 August 2015

	Note	2015 £	2014 £
Turnover	1	2,793,921	3,212,632
Operating costs		(41)	(472)
Gross profit		<u>2,793,880</u>	<u>3,212,160</u>
Other income		74,228	74,228
Administrative expenses	3	(2,596)	(2,400)
Operating profit		<u>2,865,512</u>	<u>3,283,988</u>
Interest receivable and similar income	4	5,590,622	5,590,622
Interest payable and similar charges	5	(6,848,800)	(6,848,800)
Profit on ordinary activities before tax		<u>1,607,334</u>	<u>2,025,810</u>
Tax charge on profit on ordinary activities	6	(185,546)	(294,695)
Profit on ordinary activities after tax		<u>1,421,788</u>	<u>1,731,115</u>
transferred to reserves	13	<u>1,421,788</u>	<u>1,731,115</u>

All gains and losses arise from continuing activities.

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

LIBERTY LIVING (LIBERTY AP) LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****For the year ended 31 August 2015**

	Note	2015 £	2014 £
Profit for the year	14	1,421,788	1,731,115
Revaluation of investment property	14	(3,496,059)	(3,495,948)
Total recognised (losses)/gains relating to the year		<u><u>(2,074,271)</u></u>	<u><u>(1,764,834)</u></u>

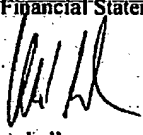
The accompanying notes form an integral part of these Financial Statements.

LIBERTY LIVING (LIBERTY AP) LIMITED**BALANCE SHEET**
As at 31 August 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	7	57,360,000	60,800,000
Investment in subsidiaries	8	3,025	3,025
		<u>57,363,025</u>	<u>60,803,025</u>
Current assets			
Debtors, prepayments and accrued income	9	163,639,100	143,013,821
		<u>163,639,100</u>	<u>143,013,821</u>
Creditors: amounts falling due within one year	10	<u>(172,947,733)</u>	<u>(28,678,937)</u>
Net current (liabilities)/assets	2	<u>(9,308,633)</u>	<u>114,334,884</u>
Total assets less current liabilities		<u>48,054,392</u>	<u>175,137,909</u>
Creditors: amounts falling due after one year	11	-	<u>(125,009,246)</u>
Net assets		<u><u>48,054,392</u></u>	<u><u>50,128,663</u></u>
Share capital and reserves			
Share capital	12	100,000	100,000
Reserves	13	47,954,392	50,028,663
Equity Shareholders' funds	14	<u><u>48,054,392</u></u>	<u><u>50,128,663</u></u>

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

The Financial Statements were approved by the Board of Directors on 14 March 2016 and signed on its behalf by:


C Marshall
Director

LIBERTY LIVING (LIBERTY AP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

1. ACCOUNTING POLICIES

The Financial Statements are prepared in accordance with accounting standards applicable in the United Kingdom and are denominated in pounds sterling (£). The particular accounting policies adopted are described below.

Accounting convention

The Financial Statements are prepared in accordance with the historical cost convention modified by the revaluation of investment properties. The Financial Statements are prepared in accordance with applicable accounting standards, including SSAP19, which unlike the detailed rules of the Companies Act 1985 does not require depreciation of freehold and long leasehold investment properties.

Exemption from preparing consolidated Financial Statements

The Financial Statements contain information about Liberty Living (AP) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 228A of the Companies Act 2006 from the requirements to prepare consolidated Financial Statements as it and its subsidiary undertaking are included by full consolidation in the consolidated Financial Statements of its parent, CPPIB Liberty Living Inc.

Turnover

Turnover comprises rental income which is accounted for on an accruals basis.

Investment property

Property is independently valued at the year end at market value. Gains and losses arising on revaluation of property are taken directly to a revaluation reserve unless a loss exceeds the revaluation reserve, in which case the excess would be debited to the Profit and Loss Account. Any realised gain or loss on the disposal of property is dealt with in the Profit and Loss Account as calculated by reference to its revalued amount at the preceding Balance Sheet date. Any revaluation gains and losses of earlier years are transferred from the revaluation reserve to the revenue reserve as a reserve movement.

Property acquisition costs

Acquisition costs are treated as part of the cost of property and have therefore been taken into account when calculating any gain or loss arising on the revaluation of property. Acquisition costs are thus written off within the property revaluation reserve in the Financial Statements in accordance with FRS12 "Provisions, Contingent Liabilities and Contingent Assets".

Deferred tax

The payment of tax is deferred or accelerated because of timing differences in the treatment of certain items for tax and accounting purposes. Full provision for deferred tax is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

In accordance with FRS 19 deferred tax is not provided on revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date.

Cash flow statement

The Company is exempt from publishing a cash flow statement under FRS1 (Revised 1996) *Cash Flow Statements* because it is ultimately a wholly owned subsidiary undertaking of CPPIB Liberty Living Inc. which publishes a consolidated cash flow statement.

2. GOING CONCERN

The Balance Sheet on page 8 shows net current liabilities of £9,308,633 (2014: £nil). The Directors consider the going concern basis appropriate on the basis of letters of continuing support provided by the intermediate parent company undertaking to provide support and not to recall loans. The company's net asset position is healthy, which is reflected in the group consolidated accounts of CPPIB Liberty Living Inc.

LIBERTY LIVING (LIBERTY AP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 August 2015

3. OPERATING PROFIT

The operating profit is stated after charging:

	2015	2014
	£	£
Auditors' remuneration	<u>2,596</u>	<u>2,400</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable and similar income includes:

	2015	2014
	£	£
Interest receivable on Group related party loans	<u>5,590,622</u>	<u>5,590,622</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes:

	2015	2014
	£	£
Interest payable on Group related party loans	<u>6,848,800</u>	<u>6,848,800</u>

6. TAX**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year and the tax affecting the charge are as follows:

Factors affecting the tax charge:

	2015	2014
	£	£
Profit on ordinary activities before tax	<u>1,607,333</u>	<u>2,025,809</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.58% (2014: 22%)	330,802	445,678
Effects of:		
Capital allowances	(62,187)	(95,264)
Group relief not paid for	(59,922)	(55,719)
Income not taxable for tax purposes	(15,277)	-
Adjustments to tax charge in respect of previous periods	(7,871)	-
Expenses not deductible for tax purposes	1	-
Current tax charge / (credit)	<u>185,546</u>	<u>294,695</u>

LIBERTY LIVING (LIBERTY AP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2015

7. FIXED ASSETS

	Investment property at cost £	Property revaluation £	Total £
At 1 September	23,661,988	37,138,012	60,800,000
Property additions	56,059	-	56,059
Revaluation in year	-	(3,496,059)	(3,496,059)
At 31 August	<u>23,718,047</u>	<u>33,641,953</u>	<u>57,360,000</u>

The Company's investment property was valued at market value as at 31 August 2015 by Knight Frank LLP, an independent firm of external professional property valuers, who are regulated by the Royal Institution of Chartered Surveyors ("RICS"). The valuation was conducted in accordance with RICS Valuation -Professional Standards 9th Edition.

8. INVESTMENT IN SUBSIDIARIES

	2015 £	2014 £
At 1 September 2014	3,025	3,025
At 31 August 2015	<u>3,025</u>	<u>3,025</u>

Company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries	Interest	Nature of business
Liberty Living Atlantic Point (Liverpool) Limited	100%	Property letting and management
Liberty Living (LP Manchester) Limited	100%	Property investment
Liberty Point(Manchester) Limited	100%	Property letting and management
Liberty Living (Liberty CP) Limited	100%	Property investment
Liberty Cambrian Point (Cardiff) Limited*	100%	Property letting and management
Liberty Living (QP1) Limited	100%	Property investment
Liberty Quay (Newcastle) Limited	100%	Property letting and management
Liberty Living (LQ Newcastle) Limited*	100%	Property investment
Liberty Living (Liberty SP) Limited	100%	Property investment
Liberty Living Severn Point (Cardiff) Limited	100%	Property letting and management
Liberty Living (Liberty PP) Limited	100%	Property investment
Liberty Prospect Point (Liverpool) Limited*	100%	Property letting and management
Liberty Living (LP Coventry) Limited	100%	Property investment
Liberty Point (Coventry) Limited	100%	Property letting and management

All subsidiaries are directly held except as noted by *.

9. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2015 £	2014 £
Due from Group related parties	163,442,640	143,013,273
Other debtors, prepayments and accrued income	196,460	548
	<u>163,639,100</u>	<u>143,013,821</u>

LIBERTY LIVING (LIBERTY AP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2015

10. CREDITORS: amounts falling due within one year

	2015	2014
	£	£
Bank overdraft	12,110	143,136
Due to Group related parties	172,930,406	28,476,803
Other creditors and accrued expenses	5,217	58,998
	<u>172,947,733</u>	<u>28,678,937</u>

11. CREDITORS: amounts falling due after one year

	2015	2014
	£	£
Due to Group related parties	-	125,009,246
	<u>-</u>	<u>125,009,246</u>

12. SHARE CAPITAL

Authorised

	2015	2015	2014	2014
	£	Number of shares	£	Number of shares
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

Issued

	2015	2015	2014	2014
	£	Number of shares	£	Number of shares
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

13. STATEMENT OF MOVEMENTS ON RESERVES

	Share premium account	Property revaluation reserve	Revenue reserve	Total
	£	£	£	
At 1 September	5,492,423	37,138,012	7,398,229	50,028,663
Transfer from Profit and Loss Account-	-	-	1,421,788	1,421,788
Revaluation of investment property	-	(3,496,059)	-	(3,496,059)
At 31 August	<u>5,492,423</u>	<u>33,641,953</u>	<u>8,820,017</u>	<u>47,954,392</u>

LIBERTY LIVING (LIBERTY AP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 August 2015****14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	2015	2014
	£	£
Profit for the year	1,421,788	1,731,114
Revaluation of investment property	(3,496,059)	(3,495,948)
Net decrease in equity Shareholders' funds	(2,074,271)	(1,764,834)
Opening equity Shareholders' funds	50,128,663	51,893,497
Closing equity Shareholders' funds	<u>48,054,392</u>	<u>50,128,663</u>

15. CONTROLLING PARTIES

On 5th March 2015 the Company's United Kingdom parent company became Liberty Living Investments Limited ("LLIL"), a company incorporated in, and registered as a Business Company in England and Wales. The UK Group comprises LLIL and its subsidiaries and is at the balance sheet date ultimately owned by CPPIB Liberty Living Inc. a company incorporated in Canada, which is a subsidiary of the Canada Pension Plan Investment Board ("CPPIB").

16. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption available under FRS 8 Related Party Disclosures from disclosure of transactions between Group companies. Balances with Group entities are disclosed in debtors and creditors as Group related parties.

17. OTHER FINANCIAL COMMITMENTS

The Company is party to a guarantee for the £200 million loan facilities of £100 million each with HSBC Bank plc and The Royal Bank of Scotland plc (expiring 2 November 2016) and the US\$ 155 million (c.£100 million) US loan notes (US\$77.5 million expiring 28 February 2022 and US\$77.5 million expiring 28 February 2024) taken out by its ultimate parent company CPPIB Liberty Living Inc.. The Company's assets, including any investment property, are pledged as security for the facilities. The Company is also an obligor under the loan facility agreement.

18. SUBSEQUENT EVENTS

There were no material events subsequent to the Balance Sheet date.