

LS NOVA LP2 LIMITED

FINANCIAL STATEMENTS

LS NOVA LP2 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors of LS Nova LP2 Limited (the 'Company') present their report and the audited financial statements for the year ended 31 March 2021.

Directors' responsibilities statement

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the audited 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 audited financial statements, the directors are required to:

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

Principal activity, review of the business and future developments

The Company has continued its business of investment in joint ventures in the United Kingdom. During the year the Company also acquired and sold investment property. No changes in the Company's principal activity are anticipated in the foreseeable future.

Going concern

The Directors have determined that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Land Securities Group PLC. The Directors' going concern assessment covers the period to 31 October 2022 and confirmation has been received that Land Securities Group PLC will support the Company until at least this date. It is understood that this support will remain in place until revoked and there is no expectation this will occur in the foreseeable future. The Company's ability to meet its future liabilities is therefore dependent on the financial performance, position and liquidity of the Group as a whole. At a Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities, as well as forecast covenant compliance. Following the deterioration in cash collections over the year ended 31 March 2021 as a result of Covid-19, further stress testing has been carried out to ensure the Group has sufficient cash resources to continue in operation for the period to 31 October 2022. This stress testing modelled a scenario with materially reduced levels of cash receipts over the next 12 months. Based on these considerations, together with available market information and the Directors' knowledge and experience of the Company, the Directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2021.

Results for the year and dividend

The results are set out in the Statement of Comprehensive Income on page 6.

The directors do not recommend the payment of a dividend for the year ended 31 March 2021 (2020: £Nil).

Directors

The directors who held office during the year and up to the date of this report were:

Land Securities Management Services Limited
LS Director Limited
M C Geddes
E Miles

Indemnity

The Company has made qualifying third party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report.

Small companies exemption

The Directors' Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

LS NOVA LP2 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Strategic report

The Company has taken advantage of the exemption under s414B of the Companies Act 2006 not to prepare a Strategic Report.

Statement of disclosure of information to auditor

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

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

Registered Office
100 Victoria Street
London
SW1E 5JL

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

M Smout, for and on behalf of LS Company Secretaries Limited
Company Secretary

Date: 15 October 2021

Registered and domiciled in England and Wales
Registered number: 07801708

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LS NOVA LP2 LIMITED

Opinion

We have audited the financial statements of LS Nova LP2 Limited (the 'Company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14, 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 state of the Company's affairs as at 31 March 2021 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 below. 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern through the period to 31 October 2022.

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.

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LS NOVA LP2 LIMITED (CONTINUED)

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 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 1, 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.

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 which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant tax regulations in the United Kingdom.
- We understood how the Company is complying with those frameworks through enquiry with the Company and by identifying the Company's policies and procedures regarding compliance with laws and regulations. We also identified those members of the Company who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by reviewing the Land Securities Group risk register and through enquiry with the Company's Management during the planning and execution phases of the audit. Where the risk was considered to be higher we performed audit procedures to address each identified fraud risk, specifically the risk over impairment of investment in joint ventures and impairment of amounts due from related parties.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
 - Enquiry of Management, and when appropriate, those charged with governance of the Company, regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
 - Reading minutes of the meetings of those charged with governance;
 - Obtaining and reading correspondence from legal and regulatory bodies, including HMRC; and
 - Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding the business.
- In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with all applicable reporting requirements.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LS NOVA LP2 LIMITED (CONTINUED)

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.

Claire Johnson (Senior statutory auditor)

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

London

Date: 18 October 2021

LS NOVA LP2 LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £000	2020 £000
Costs	4	(7)	(234)
Gross loss		(7)	(234)
Distribution income		1,475	-
Reversal of impairment of investment in joint ventures	8	-	980
Loss on disposal of investment property	10	(2,334)	-
Operating (loss)/profit		(866)	746
Interest income	6	4,447	8,097
Interest expense	6	(4,125)	(6,839)
(Loss)/profit before tax		(544)	2,004
Tax on (loss)/profit	7	1,467	(1,384)
Profit and total comprehensive income for the financial year		923	620

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

All amounts are derived from continuing activities.

LS NOVA LP2 LIMITED
REGISTERED NUMBER: 07801708

BALANCE SHEET
AS AT 31 MARCH 2021

	Notes	2021 £000	2020 £000
Non-current assets			
Investment in joint ventures	8	128,903	125,818
Amounts due from related parties	9	39,923	44,330
		<u>168,826</u>	<u>170,148</u>
Current liabilities			
Trade and other payables	11	(45)	(1,537)
Amounts owed to Group undertakings	12	(68,097)	(168,850)
		<u>(68,142)</u>	<u>(170,387)</u>
Net assets/(liabilities)		<u><u>100,684</u></u>	<u><u>(239)</u></u>
Capital and reserves			
Share capital	13	100,000	-
Retained earnings/(loss)		684	(239)
Total equity		<u><u>100,684</u></u>	<u><u>(239)</u></u>

The financial statements on pages 6 to 15 were approved by the Board of Directors and were signed on its behalf by:

R Shearer, for and on behalf of LS Director Limited

Date: 15 October 2021

LS NOVA LP2 LIMITED

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

	Share capital	Retained earnings/(loss)	Total equity
	£000	£000	£000
At 1 April 2019	-	(859)	(859)
Total comprehensive income for the financial year	-	620	620
At 31 March 2020	-	(239)	(239)
Total comprehensive income for the financial year	-	923	923
Transactions with shareholders			
Shares issued during the year (note 13)	100,000	-	100,000
At 31 March 2021	100,000	684	100,684

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The financial statements are prepared under the historical cost convention, modified to include the revaluation of investment properties.

LS Nova LP2 Limited (the 'Company') is a private company limited by shares and is incorporated, domiciled and registered in England and Wales (Registered number: 07801708). The nature of the Company's operations is set out in the Directors' Report on page 1. The results of the Company are included in the consolidated financial statements of Land Securities Group PLC which are available from the Company's registered office at 100 Victoria Street, London, SW1E 5JL.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2021. The financial statements are prepared in Pounds Sterling (£) and are rounded to the nearest thousand pounds (£000) unless otherwise stated.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- 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 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- 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
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The equivalent disclosures relating to IFRS 7, IFRS 13 & IAS 36 are included in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated.

1.3 Investment properties

Investment properties are properties, either owned or leased by the Company, that are held either to earn rental income or for capital appreciation, or both. Investment properties are measured initially at cost including related transaction costs, and subsequently at fair value. Fair value is based on market value, as determined by a professional external valuer at each reporting date. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the Statement of Comprehensive Income as a valuation surplus or deficit. Investment properties are presented on the Balance Sheet within non-current assets.

Properties are treated as acquired when the Company assumes control of the property. Capital expenditure on properties consists of costs of a capital nature, including costs associated with developments and refurbishments. Where a property is being developed or undergoing major refurbishment, interest costs associated with direct expenditure on the property are capitalised. The interest capitalised is calculated using the Company's weighted average cost of borrowings. Interest is capitalised from the commencement of the development work until the date of practical completion. Certain internal staff and associated costs directly attributable to the management of major schemes are also capitalised. The total staff and associated costs are capitalised based on the proportion of time spent on the relevant scheme. Internal staff costs are capitalised from the date it is determined to be probable that the development will progress until the date of practical completion.

When the Company begins to redevelop an existing investment property for continued future use as an investment property, the property continues to be held as an investment property. When the Company begins to redevelop an existing investment property with a view to sell, the property is transferred to trading properties and held as a current asset. The property is re-measured to fair value as at the date of the transfer with any gain or loss being taken to the Statement of Comprehensive Income. The re-measured amount becomes the deemed cost at which the property is then carried in trading properties.

Properties are treated as disposed when control of the property is transferred to the buyer. Typically, this will either occur on unconditional exchange or on completion. Where completion is expected to occur significantly after exchange, or where the Company continues to have significant outstanding obligations after exchange, the control will not usually transfer to the buyer until completion.

The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the beginning of the accounting period plus capital expenditure to the date of disposal. The profit on disposal of investment properties is presented separately on the face of the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. Accounting policies (continued)

1.4 Investment in joint ventures

Investments in joint ventures are carried at cost, less any repayment of joint venture capital and provision for impairment in value.

1.5 Provisions

A provision is recognised in the Balance Sheet when the Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where relevant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.6 Going concern

The Directors have determined that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Land Securities Group PLC. The Directors' going concern assessment covers the period to 31 October 2022 and confirmation has been received that Land Securities Group PLC will support the Company until at least this date. It is understood that this support will remain in place until revoked and there is no expectation this will occur in the foreseeable future. The Company's ability to meet its future liabilities is therefore dependent on the financial performance, position and liquidity of the Group as a whole. At a Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities, as well as forecast covenant compliance. Following the deterioration in cash collections over the year ended 31 March 2021 as a result of Covid-19, further stress testing has been carried out to ensure the Group has sufficient cash resources to continue in operation for the period to 31 October 2022. This stress testing modelled a scenario with materially reduced levels of cash receipts over the next 12 months. Based on these considerations, together with available market information and the Directors' knowledge and experience of the Company, the Directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2021.

1.7 Expenses

Expenditure is expensed as incurred.

1.8 Impairment

The carrying amounts of the Company's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

1.9 Income taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full using the Balance Sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

1.10 Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. Accounting policies (continued)

1.11 Intercompany loans

Amounts owed to Group undertakings

Amounts owed to Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts owed to Group undertakings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Statement of Comprehensive Income over the period of the loan, using the effective interest method.

Amounts due from related parties

Amounts due from related parties are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts due from related parties are stated at amortised cost and, where relevant, adjusted for the time value of money. The Company assesses on a forward-looking basis, the expected credit losses associated with its amounts due from related parties. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the amounts due. If collection is expected in more than one year, the balance is presented within non-current assets.

In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty.

1.12 Trade and other payables

Trade and other payables with no stated interest rate and payable within one year are recorded at transaction price. Trade and other payables after one year are discounted based on the amortised cost method using the effective interest rate.

2. Changes in accounting policies and standards

The accounting policies used in these financial statements are consistent with those applied in the last annual financial statements, as amended where relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year. There have been no new accounting standards, amendments or interpretations during the year that have a material impact on the financial statements of the Company.

Amendments to accounting standards

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Company none of which are expected to have a material impact on the financial statements of the Company.

3. Significant accounting judgements and estimates

The Company's significant accounting policies are stated in note 1 above. Not all of these significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements. These estimates involve assumptions or judgements in respect of future events. Actual results may differ from these estimates.

Estimates

(a) Amounts due from related parties

The Company is required to judge when there is sufficient objective evidence to require the impairment of amounts due from related parties. It does this by assessing on a forward-looking basis, the expected credit losses associated with its amounts due from related parties. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the amounts due. In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty.

(b) Investment in a joint venture

The Company is required to judge when there is sufficient objective evidence to require impairment of investment in a joint venture. It does this on the basis of the fair value of the net assets of the joint venture.

LS NOVA LP2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

4. Costs

	2021 £000	2020 £000
Other costs	7	234
Total costs	7	234

5. Management and administrative expenses

(a) Management services

The Company had no employees during the year (2020: None). Management services were provided to the Company throughout the year by Land Securities Properties Limited, a fellow subsidiary undertaking, charges for which amount to £Nil (2020: £Nil).

(b) Directors' remuneration

The Group's directors' emoluments are borne by Land Securities Properties Limited. The directors of the Company, who are key management personnel of the Company, received no emoluments from Land Securities Properties Limited for their services to the Company (2020: £Nil).

(c) Auditor remuneration

The Group auditor's remuneration is borne by Land Securities Properties Limited. The proportion of the remuneration which relates to the Company amounts to £2,630 (2020: £1,700). No non-audit services were provided to the Company during the year (2020: None).

6. Net interest income

	2021 £000	2020 £000
Interest expense		
Interest on amounts owed to Group undertakings	(4,373)	(6,839)
Interest capitalised in relation to properties under development	248	-
	(4,125)	(6,839)
Interest income		
Interest on amounts due from related parties	4,447	8,097
	4,447	8,097
Net interest income	322	1,258

The Company has capitalised interest in relation to properties under development at a rate of 3.6%.

7. Income tax

	2021 £000	2020 £000
Corporation tax		
Income tax on (loss)/profit for the year	(61)	1,384
Adjustments in respect of prior years group relief	(1,406)	-
Total income tax charge/(credit) in the Statement of Comprehensive Income	(1,467)	1,384

LS NOVA LP2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

7. Income tax (continued)

Factors affecting tax charge for the year

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

	2021 £000	2020 £000
(Loss)/profit before tax	<u>(544)</u>	<u>2,004</u>
(Loss)/profit before tax multiplied by UK corporation tax rate	(103)	381
Effects of:		
Exempt profits/(losses) in the year	339	1,343
Expenses not deductible for tax purposes	-	(186)
Non-taxable income	(280)	-
Share of taxable result from the JV	(17)	(170)
Adjustments in respect of prior years	(1,406)	16
Total tax charge/(credit) for the year	<u>(1,467)</u>	<u>1,384</u>

Land Securities Group PLC is a Real Estate Investment Trust (REIT). As a result the Company does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal.

8. Investment in joint ventures

	2021 £000	2020 £000
At the beginning of the year	125,818	126,023
Capital additions	17,500	318
Capital repayments	(14,415)	(1,503)
Impairment reversal	-	980
At 31 March	<u>128,903</u>	<u>125,818</u>

The Company owns 24.995% of Nova Limitec Partnership which is a joint venture and draws up accounts to 31 March. Nova Limited Partnership is a joint venture between LS Nova LP1 Limited, LS Nova LP2 Limited, Victoria Circle Trustee 1 Limited and Victoria Circle Trustee 2 Limited. The joint venture operates its business of property development and investment in the United Kingdom.

The Company owns 24.995% of Nova Residential Limited Partnership which is a joint venture and draws up accounts to 31 March. Nova Residential Limited Partnership is a joint venture between LS Nova LP1 Limited, LS Nova LP2 Limited, Victoria Circle Trustee 1 Limited and Victoria Circle Trustee 2 Limited. The joint venture operates its business of property development in the United Kingdom.

The directors believe that the carrying value of the investments are supported by the fair value of the net assets of the joint ventures.

LS NOVA LP2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

9. Amounts due from related parties

	2021 £000	2020 £000
Non-current amounts due from related parties	39,923	44,330
Total amounts due from related parties	39,923	44,330

Within amounts due from related parties is **£39,923,000** (2020: £39,718,000) due from Nova Limited Partnership and **£Nil** (2020: £4,612,000) due from Nova Residential Limited Partnership. These amounts represent interest charged on partners' advances at an average of **4.0%** per annum (2020: 5.0%). The interest is repayable at the same time the partners' advances are due.

10. Investment property

	2021 £000	2020 £000
Net book value at the beginning of the year	-	-
Acquisitions	13,277	-
Additions	9,790	-
Disposals	(23,067)	-
Net book value at 31 March	-	-

Net proceeds of **£20,733,000** (2020: £Nil) were received relating to an investment property disposal, which generated a loss on disposal of **£2,334,000** (2020: £Nil).

11. Trade and other payables

	2021 £000	2020 £000
Accruals	-	169
Current tax liabilities	-	1,368
Social security and other taxes	45	-
Total trade and other payables	45	1,537

12. Amounts owed to Group undertakings

	2021 £000	2020 £000
Amounts owed to Group undertakings - fellow subsidiary	68,097	168,850
Total amounts owed to Group undertakings	68,097	168,850

The unsecured amounts owed to Group undertakings are repayable on demand with no fixed repayment date. Interest is charged at **3.6%** per annum (2020: 4.1%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

13. Share capital

	Authorised and issued		Allotted and fully paid	
	2021	2020	2021	2020
	Number	Number	£'000	£'000
Ordinary shares of £1.00 each	100,000,000	1	100,000	-
	<u>100,000,000</u>	<u>1</u>	<u>100,000</u>	<u>-</u>

During the year, the issued share capital of the Company was increased by the creation of 99,999,999 further ordinary shares of £1 each, fully paid at par. The new shares carry the same rights as the existing issued share capital.

14. Parent company

The immediate parent company is LC25 Limited.

The ultimate parent company and controlling party at 31 March 2021 was Land Securities Group PLC, which is registered in England and Wales. This is the largest parent company of the Group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 March 2021 for Land Securities Group PLC can be obtained from the Company Secretary at the registered office of the ultimate parent company, 100 Victoria Street, London, SW1E 5JL, and from the Group website at www.landsec.com. This is the largest and smallest Group to include these accounts in its consolidated financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.