Company Registration No. 5890611 (England and Wales)

INTU DEBENTURE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

INTU DEBENTURE PLC

COMPANY INFORMATION

Directors	D Duggins	(Appointed 21 July 2020)
	J Heller	(Appointed 26 January 2021)
	B Cox	(Appointed 15 June 2022)
Secretary	Ocorian Administration (UK) Limited	
Company number	5890611	
Registered office	c/o APAM Ltd 4th Floor 84 Grosvenor Street London W1K 3JZ	
Auditor	BDO LLP 55 Baker Street London W1U 7EU	

INTU DEBENTURE PLC

CONTENTS

INTU DEBENTURE PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for Intu Debenture Plc ("the company") for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of Intu Debenture Plc and its subsidiaries (“the group”) is the ownership and development of retail property. The company is the issuer of debenture stock due for repayment in 2027.

BUSINESS REVIEW

The group’s and company’s results and financial position for the year ended 31 December 2020 are set out in full in the group income statement, the group and company state of financial position, the group and company statements of changes in equity, the group and company statements of cash flows and the related notes to the financial statements.

The group’s and company’s results for the year reflect the ongoing challenges facing retail and retail property, with net rental income reducing from the impact of company voluntary arrangements (CVAs) and administrations, as well as economic and political uncertainty. This, together with yield expansion driven by weak market sentiment and limited hard-transactional evidence, has affected the group’s and company’s valuation of property, which has further decreased in 2020.

The group’s net rental loss for the year was £7.2 million (2019 net rental income £23.4 million). The group’s loss before tax was £179.5 million (2019 - £106.0 million) after recording a property revaluation deficit in the year of £154.5 million (2019 - £109.6 million). The group also recognised expected credit losses of £nil million on amounts owed by group undertakings (2019 - £2.4 million). The group’s net liabilities increased from £200.8 million to £380.3 million.

The most significant investments held by the group are the Eldon Square shopping centre, Newcastle, with a 31 December 2020 market value of £108.9 million (2019 £212.9 million) and the Potteries shopping centre, Stoke-on-Trent, with a 31 December 2020 market value of £31 million (2019 £68.3 million).

Due to the size and nature of the group, the whole Board reviews internal controls, risk management and audit committee functions. Risk is minimised by the Board outsourcing management accounting & bookkeeping and asset & property management services.

The directors have considered the future activity of the business below and within the going concern section. Consideration of the principal risks and uncertainties identified by the Board is included in the directors report.

KEY PERFORMANCE INDICATORS

The main KPI used by the Board to monitor the business is net rental income. Details of this KPI can be found in the group income statement.

FUTURE DEVELOPENTS AND EVENTS AFTER THE REPORTING DATE

The ongoing volatility in the UK retail market was further exacerbated by the impact of Covid-19 during the year, with non-essential retail in the group’s centres closed for long periods in order to comply with measures put in place by the UK Government to limit virus transmissions.

Rent and service charge collections from tenants were significantly reduced as a result of the enforced closures. Management are in discussions with tenants on the outstanding rents but at this time it is unclear whether these rents will be fully recovered at a later date. Management consider that adequate provision has been made.

Whilst the easing of restrictions since the year end has resulted in a significant improvement in the collection of rent and service charge the directors expect there to be continued downward pressure on the group’s property valuations and net rental income in the short term, as retailers adapt to new operating procedures with social distancing measures in place and the long-term effects of the pandemic on the wider UK economy become clearer.

These factors have placed additional pressure on the company's ability to maintain specified financial ratios and comply with certain financial covenants, which were breached during the year. The debenture stock is currently secured on several properties including Intu Eldon Square, Intu Potteries and XSite at Braehead. As a consequence, the company placed £15.0 million of additional security in a charged account, which the stockholders agreed to make available to support the business during the period of difficulties created by Covid-19. £12.3 million has been drawn to date.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with its lenders, Intu Properties Plc (the ultimate parent company of the group and company), along with certain Intu group entities that provided asset and facilities management services to several properties on which the debenture stock is secured, were placed into administration.

To enable continued uninterrupted delivery of asset and facilities management services to the above-mentioned properties, from the date of Intu Properties Plc's administration, the individual debenture property companies entered into a 6-month Transition Services Arrangement (TSA) with Intu Properties Plc's administrator. As part of the TSA, the property companies were required to pre-fund costs two months in advance to the administrators prior to delivery of services as well as settlement of existing arrears.

Independent directors were appointed to the boards of the company and its subsidiaries during the year, to replace the former Intu group directors, who had all resigned by the year end. Third party asset and property managers were appointed during the year, and the management of all properties was successfully migrated to them during October 2020. The group is now operated entirely independently of Intu Properties Plc. The final cost of services provided under the TSA has been agreed with the administrators, but the resulting refund has not yet been received.

Subsequent to the year end, an agreement in principle has been reached with the administrators of Intu Properties Plc to settle all intercompany balances outside the Debenture group and acquire the share capital of the company (the "restructuring transaction"). The documentation required to formally approve and execute the restructuring transaction is at an advanced stage, and the transaction is expected to complete in the near future.

On behalf of the board

....

David Duggins
Director

Date: 27 September 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their Annual Report and audited consolidated financial statements for the year ended 31 December 2020.

The company was incorporated in and is registered in England and Wales (company number 5890611). The company's registered office is c/o APAM Ltd, 4th Floor, 84 Grosvenor Street, London, W1K 3JZ.

DIVIDENDS
The directors do not recommend a dividend for the year (2019 £nil).

CAPITAL MANAGEMENT
The directors consider the capital of the company to be the ordinary share capital of £100.0 million (2019 £100.0 million). Management of this capital is performed at a group level.

BALANCE SHEET
As noted in the Strategic Report the group’s net liabilities attributable to shareholders increased from £200.8 million to net liabilities of £380.3 million, a movement of £179.5 million, representing the loss for the year.

CASH FLOW
The group cash flow shows a net inflow from operating activities of £10 million (2019 £11.3 million).

FINANCIAL RISK MANAGEMENT
The group’s approach to financial risk management and internal control is explained in note 23 to the financial statements.

GOING CONCERN
Full detail in respect of going concern is set out in note 1.3
After reviewing the most recent projections and the sensitivity analysis and having carefully considered both the ongoing uncertainty in the retail and leisure sectors and the material uncertainty created by the breach of financial and other covenants, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

FINANCIAL COVENANTS
There is a minimum capital cover requirement and an interest cover condition applicable to the mortgage debenture, which are tested semi–annually. Both tests were failed during the year. Compliance with financial covenants is and will continue to be monitored. See note 30 for further details.

DIRECTORS
The directors of the company who were in office during the year and up to the date of signing the financial statements were:

D Duggins	(Appointed 21 July 2020)
J Heller	(Appointed 26 January 2021)
R Allen	(Appointed 15 April 2020 and resigned 14 August 2020)
M Breeden	(Appointed 2 June 2020 and resigned 4 December 2020)
S Cooke	(Appointed 4 December 2020 and resigned 26 January 2021)
S Crosby	(Resigned 15 April 2020)
H Ford	(Appointed 15 April 2020 and resigned 4 August 2020)
M Kidia	(Resigned 15 April 2020)
T Pereira	(Resigned 31 January 2020)
E Roberts	(Resigned 1 July 2020)
B Cox	(Appointed 15 June 2022)

DIRECTORS' INDEMNITY PROVISION
A qualifying third-party indemnity provision (as defined in S234 of the Companies Act 2006) was in force for the benefit of the directors of the company and its associated companies during the financial year but not at the date of the approval of these financial statements. The company maintains directors' and officers' insurance which is reviewed annually.

PRINCIPAL RISKS AND UNCERTAINTIES
The key risks and uncertainties facing the group are set out in the table below:

Risk and impact	Mitigation	Commentary
Financing - availability of funds Reduced availability of funds could limit liquidity, leading to restriction of investing and operating activities.	The £15 million of charged funds proved adequate to support liquidity through the year. A combination of the remaining charged funds, anticipated disposal proceeds from the sale of Bridlesmith Gate, and improved rent and service charge collections are considered to be adequate to finance the group's business plan over the coming years. Agreements in principle have been reached with the ad hoc group of stockholders to eliminate mandatory payments of interest and principal, and with the Administrators of Intu Properties Plc to settle all liabilities for a nominal sum.	For more detailed commentary, refer to going concern section in note 1.
Property market – macroeconomic Continued weakness in the macroeconomic environment could impact our visitors' propensity to visit, which would adversely impact tenant performance.	Operating costs are continually reviewed to minimise service charges to the occupiers.	The economic outlook during 2020 weakened, with the annual growth of the UK economy reported to have slowed, but it improved strongly during 2021. After a strong start to 2022, rising inflation and interest rates are expected to adversely impact consumer spending to a limited extent. The lower transaction volumes and corresponding reduction in property valuations seen during 2019, 2020 and 2021 are expected to reverse in over the longer term.

Property market – retail environment		
Structural and cyclical changes in the retail environment, including the rise in online shopping, could undermine the group's ability to attract customers and visitors and continue to put pressure on net rental income and property valuations.	We will be collaborating more closely with customers, sharing data and other information so we can adapt better to their changing needs. The customer mix is proactively managed, and plans have been developed to diversify use of future vacant units.	Footfall and new lettings continue to improve.

Statement of directors' responsibilities

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 group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

DIRECTORS' CONFIRMATIONS

- Each of the directors, whose names are listed in the Directors' Report confirm that, to the best of their knowledge:the company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, interpretations issued by the International Financial Reporting Standards Interpretations Committee and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. give a true and fair view of the assets, liabilities, financial position and loss of the company;
- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, interpretations issued by the International Financial Reporting Standards Interpretations Committee and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. give a true and fair view of the assets, liabilities, financial position and loss of the group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

INDEPENDENT AUDITORS

BDO LLP succeeded Deloitte LLP as the auditor for the financial year commencing 1 January 2020.

So far as the Directors are aware, there is no relevant audit information of which the auditor is unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the 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.

On behalf of the board

....

David Duggins
Director
Date: 27 September 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTU DEBENTURE PLC

Disclaimer of Opinion on the financial statements

We do not express an opinion on the accompanying financial statements of the Group and Parent Company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of Intu Debenture Plc (the ‘Parent Company’) and its subsidiaries (the ‘Group’) for the year ended 31 December 2020 which comprise the Group income statement , Group and Parent statements of financial position, the Group and Company statements of changes in equity, the Group and Company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for disclaimer of opinion

Prior to our appointment as auditor, in October 2020, APAM Limited and Mapp (Property Management) Limited assumed responsibilities for the administration and operational management of the Parent Company and the Group from the wider Intu Properties Plc group (the ‘Intu group’). The Directors consider that the transition of arrangements to these entities has led to significant difficulties accessing historical data for the Parent Company and its subsidiaries which is relevant to the preparation of the financial statements of the Company and the Group.

During the course of our audit of the financial statements for the year ended 31 December 2020, we sought to obtain sufficient, appropriate audit evidence in respect of a number of material and pervasive areas of the financial statements and related notes but for reasons outlined above, this information has not been forthcoming. Although the directors have attempted to obtain the information we considered necessary for audit purposes, in some cases the directors have not been able to obtain the information and provide it to us. The Parent Company is now under threat of strike-off proceedings by the registrar of companies and the directors have therefore concluded that it is in the best interests of the Company to conclude on the financial statements and authorise them for issue.

In concluding that we have not received sufficient, appropriate evidence to form the basis for an audit opinion, we specifically draw attention to the lack of sufficient, appropriate audit evidence in the following material and/or pervasive areas:

- rental income of £26.5 million (2019: £38.8m); we were unable to obtain support for the recognition and measurement of reported rental income from a number of tenants with reference to the underlying lease agreements. Furthermore, information and explanations related to car park income of £690k received prior to October 2020 is not available.
- service charge income of £13.4 million (2019: £14.2m); we were unable to obtain information and explanations concerning the appropriateness of accounting treatment including netting off debit and credit balances related to certain properties. We were also unable to obtain sufficient information and explanations to support the amount of revenue recognised in the financial statements
- Expected credit loss provisions of £8.1 million (2019: £1.5 million); information and explanations have not been provided about, the validity, basis and measurement of amounts recognised in the balance sheet (and the consequential impacts on other primary statements), in particular the basis of the credit loss percentages applied by management in making the assessment
- Related party transactions; information and explanations to support transactions with the Intu group chosen as part of sample-based procedures in these areas has not been provided and there were unreconciled differences in the amounts confirmed as being due to and from the Intu group. The amounts reported as being owed to the Intu group being £246.5 million (2019: £222.1 million).
- The completeness of journals applied to the nominal ledger could not be satisfactorily established because of data loss arising from the migration of the Group accounting systems which took place prior to BDO being appointed.

In respect of the areas listed above, we have also not been able to obtain sufficient, appropriate evidence to support opening and comparative positions in all cases.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of the relevant elements making up the statement of comprehensive income, statement of changes in equity, statement of cash flows and balance sheets. The possible effects of any undetected misstatements in respect of these matters, if any, could be both material and pervasive to the financial statements. We have not been able to obtain sufficient, appropriate audit evidence through the performance of alternative procedures.

Independence

We were appointed by the board of directors on 18 March 2021 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is one year, covering the year ended 31 December 2020. We remain independent of the Group and the Parent 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of the property portfolio Refer to note 1 for accounting policy and key sources of estimation uncertainty and note 11 for disclosure.	The Group's Investment and Development properties are a portfolio of prime shopping centres in the UK. The portfolio is valued at £186.9 million at 31 December 2020. During the year a revaluation deficit of £154.5 million was recorded (excluding acquisitions and disposals). The portfolio valuation was carried out by independent external valuers. The external valuers were engaged by the Directors, and were instructed to perform their work in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards 2017. The external valuers have extensive experience of the market in which the Group operates. The external valuers use factual information, such as lease agreements and data from the tenancy schedule, and apply their professional judgement relating to market conditions and factors impacting individual properties. The valuation of the portfolio is inherently subjective due to key unobservable inputs in the valuation requiring a significant level of estimation. These include property yields, forecast estimated rental values and void assumptions. In the UK there is an elevated level of risk in the property valuation due to the ongoing deterioration in the retail market. In addition, there has been a lack of comparable property transactions in 2020 to use as market evidence. Therefore the external valuers have had to exercise a greater level of judgment in the key estimates used in the valuation. This is particularly applicable to property yields, due to the limited transactional activity for super-prime and prime retail properties. Please see critical accounting judgements and key sources of estimation uncertainty accounting policy in note 1 to the financial statements.	**Experience of external valuer and relevance of its work** We obtained the valuation report prepared by management's independent external valuer and discussed the basis of the valuations with them, confirming that the approach was consistent with the requirements of accounting standards. We assessed the competency, independence and objectivity of the valuer which included making enquiries regarding interests and relationships that may create a threat to the valuer's objectivity. We discussed with the valuer any limitations in scope or for evidence of Management bias. **Data provided to the valuer** We checked that the underlying data provided to the valuer by Management was consistent with the data provided to us for our audit work. This data included inputs such as current rent and lease terms, which we agreed on a sample basis to executed lease agreements as part of our audit work. However, we were unable to obtain support recognition and measurement of reported rental income with reference to the underlying lease agreements for a number of leases. We checked the completeness of the data by agreeing a sample of data from the tenancy schedule, which we obtained as part of our audit of revenue, to the data provided to the valuer. **Assumptions and estimates used by the valuer** We used our knowledge and experience to evaluate and challenge the valuation assumptions, methodologies and the unobservable inputs used in the valuation of the properties. This included establishing our own range of expectations for the yields used in assessing the valuation of each of the Group's properties based on externally available metrics, comparable organisations and wider economic and commercial factors. We assessed the valuation of the properties against our own expectations and met with the valuer to challenge those valuations which fell outside of our range of expectations. **Key observations:** The amounts recognised in the financial statements was consistent with the external valuer report. We refer to the disclaimer in respect of the above.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the Strategic report or the Directors' report.
Matters on which we are required to report by exception	Arising from the limitation of our work referred to above: • we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and • in our opinion, adequate accounting records have not been kept by the Parent Company. 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: • returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent 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 responsibility is to conduct an audit of the Company's financial statements in accordance with ISAs (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the directors and the other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of noncompliance throughout the audit.
- We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matters described in the basis for disclaimer of opinion section of our report.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Charles Ellis
171D0B433DEB24I5...

Charles Ellis (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
28 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INTU DEBENTURE PLC

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £m	2019 as restated £m
Revenue	**2**	42.4	53.0
Cost of sales		(49.6)	(29.6)
Net rental income	**2**	(7.2)	23.4
Revaluation of investment and development property	**10**	(154.5)	(109.6)
Expected credit losses on amounts owed by group undertakings		-	(2.4)
Operating loss		(161.7)	(88.6)
Finance costs	**7**	(17.8)	(17.8)
Finance income	**8**	-	0.4
Net finance costs		(17.8)	(17.4)
Loss before tax		(179.5)	(106.0)
Taxation	**9**	-	-
Loss and total comprehensive income for the year		(179.5)	(106.0)

Other than the items in the consolidated income statement above, there are no other items of comprehensive income and accordingly, a separate statement of comprehensive income has not been prepared.

A loss of £178.2 million is recorded in the financial statements of the company in respect of the year (2019 £101.8 million). No income statement or statement of comprehensive income is presented for the company as permitted by Section 408 of the Companies Act 2006.

INTU DEBENTURE PLC

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £m	2019 as restated £m	2018 as restated £m
Non-current assets				
Investment property	**10**	186.9	344.1	449.2
Current assets				
Trade and other receivables	**14**	17.0	12.8	16.7
Cash and cash equivalents		11.0	1.0	0.9
		28.0	13.8	17.6
Current liabilities				
Trade and other payables	**16**	265.0	245.3	242.0
Borrowings	**18**	311.8	6.5	6.2
Lease liabilities	**21**	1.0	1.0	1.0
		577.8	252.8	249.2
Net current liabilities		(549.8)	(239.0)	(231.6)
Non-current liabilities				
Borrowings	**18**	-	288.5	295.0
Lease liabilities	**21**	17.4	17.4	17.4
		17.4	305.9	312.4
Net liabilities		(380.3)	(200.8)	(94.8)
Equity				
Called up share capital	**24**	100.0	100.0	100.0
Accumulated losses		(480.3)	(300.8)	(194.8)
Total equity		(380.3)	(200.8)	(94.8)

The financial statements were approved by the board of directors and authorised for issue on 27 September 2022.. and are signed on its behalf by:

....

D Duggins
Director

INTU DEBENTURE PLC

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £m	2019 £m
Non-current assets			
Investments	11	190.1	268.4
Trade and other receivables	15	180.4	238.9
		370.5	507.3
Current assets			
Deferred tax asset	13	0.2	-
Cash and cash equivalents		2.9	-
		3.1	-
Current liabilities			
Trade and other payables	17	439.3	411.6
Borrowings	19	311.8	6.5
		751.	418.1
Net current liabilities		(748.0)	(418.1)
Non-current liabilities			
Borrowings	19	-	288.5
Net liabilities		(377.5)	(199.3)
Equity			
Called up share capital		100.0	100.0
Accumulated losses		(477.5)	(299.3)
Total equity		(377.5)	(199.3)

As permitted by S408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £178.2 (2019 £101.8m).

The financial statements were approved by the board of directors and authorised for issue on 27 September 2022.. and are signed on its behalf by:

....

D Duggins

Director

Company Registration No. 5890611

INTU DEBENTURE PLC

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £m	Accumulated losses £m	Total £m
Balance at 1 January 2019	100.0	(194.8)	(94.8)
Year ended 31 December 2019:			
Loss and total comprehensive income for the year	-	(106.0)	(106.0)
Balance at 31 December 2019	100.0	(300.8)	(200.8)
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(179.5)	(179.5)
Balance at 31 December 2020	100.0	(480.3)	(380.3)

INTU DEBENTURE PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £m	Accumulated losses £m	Total £m
Balance at 1 January 2019	100.0	(197.5)	(97.5)
Year ended 31 December 2019:			
Loss and total comprehensive income for the year	-	(101.8)	(101.8)
Balance at 31 December 2019	100.0	(299.3)	(199.3)
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(178.2)	(178.2)
Balance at 31 December 2020	100.0	(477.5)	(377.5)

INTU DEBENTURE PLC

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019 as restated	
	Notes	£m	£m	£m	£m
Cash flows from operating activities					
Cash generated from operations	**26**		11.0		29.1
Interest paid			-		(17.8)
Net cash inflow from operating activities			11.0		11.3
Investing activities					
Purchase and development of property		-		(5.0)	
Net cash used in investing activities			-		(5.0)
Financing activities					
Repayment of borrowings & interest		(1.0)		(6.2)	
Net cash used in financing activities			-		(6.2)
Net increase in cash and cash equivalents			10.0		0.1
Cash and cash equivalents at beginning of year			1.0		0.9
Cash and cash equivalents at end of year			11.0		1.0

INTU DEBENTURE PLC

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £m	2020 £m	2019 £m	2019 £m
Cash flows from operating activities					
Cash generated from operations	**27**		2.9		19.7
Interest paid			-		(16.7)
Net cash inflow from operating activities			2.9		3.0
Investing activities					
Interest received		-		3.2	
Net cash generated from investing activities			-		3.2
Financing activities					
Repayment of borrowings & interest		-		(6.2)	
Net cash used in financing activities			-		(6.2)
Net increase in cash and cash equivalents			2.9		-
Cash and cash equivalents at beginning of year			-		-
Cash and cash equivalents at end of year			2.9		-

1 Accounting policies

Company information

Intu Debenture Plc is a private company limited by shares incorporated in England and Wales. The registered office is c/o APAM Ltd 4th Floor, 84 Grosvenor Street, London, W1K 3JZ. The company's principal activities and nature of its operations are disclosed in the directors' report.

The group consists of Intu Debenture Plc and all of its subsidiaries.

1.1 Accounting convention

These group and company financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS), interpretations issued by the International Financial Reporting Standards Interpretations Committee and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The group and company financial statements have been prepared under the historical cost convention as modified by investment and development property and certain other assets and liabilities that have been measured at fair value. A summary of the accounting policies is set out below.

A number of standards and amendments to standards have been issued but are not yet effective for the current year. These are not expected to have a material impact on the group or company's financial statements.

Accounting policies – group and company

The group's business activities and financial performance, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 and 2, and within the Directors' Report on pages 3 to 6. In addition, note 23 includes the group's risk management objectives, details of its financial instruments and hedging activities, its exposures to liquidity risk and details of its capital structure.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with the group's accounting policies requires the use of judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these judgements and estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those judgements and estimates.

– key sources of estimation uncertainty

a) Valuation of investment and development property – see investment and development property accounting policy in note 1.7 as well as note 10 for details on estimates and assumptions used in the valuation process and sensitivities.

b) The Group applies the IFRS 9 simplified approach to the expected credit loss model. In arriving at our estimates, we have considered the tenants at higher risk, particularly in the leisure and retail sectors, those in administration or CVA, and those tenants who have been impacted financially by the pandemic who are not necessarily in high-risk sectors.

1.2 Prior period error

A prior period adjustment was to correct the prior year calculation of the head lease. Further details of this adjustment can be seen in note 31.

A further prior period adjustment was to correct the classification of trade and other receivables in the company to be classified as non-current assets. Further details of this adjustment can be seen in notes 15 and 31.

1 Accounting policies (Continued)

1.3 Going concern

When preparing the financial statements, management is required to make an assessment of the group and company's ability to continue as a going concern and prepare the financial statements on this basis unless it either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so.

As a result of the ongoing uncertainty in the retail and leisure sectors, and the breach of financial and other covenants during the year, there are events or conditions that indicate a material uncertainty exists in relation to going concern. In particular the borrowings of £311.8m and the amounts owed to related parties of £246.1m are due on demand. If demanded the group does not have the ability to pay.

After reviewing the most recent projections, and in the expectation that the loan stockholders will take no enforcement action as a result of the covenant breaches before the restructuring transaction (which will include a waiver of all breaches and remove the breached covenants) and in the expectation that the settlement agreement with the Administrators of Intu Properties Plc will be completed, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

1.4 Basis of consolidation

The consolidated financial information includes the company and its subsidiaries and their interests in joint ventures and associates.
All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

– subsidiaries

A subsidiary is an entity for which the company controls, that is when it 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 investee. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are de-consolidated from the date that control ceases.

The company's investment in group companies is carried at cost less accumulated impairment losses.

1.5 Revenue recognition

Revenue comprises rental income receivable and service charge income.

Rental income receivable is recognised on a straight-line basis over the term of the lease. Directly attributable lease incentives (for example, rent-free periods or cash contributions for tenant fit-out) are recognised within rental income on the same basis as the underlying rental income received.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, the most significant being rents linked to tenant revenues or increases arising on rent reviews, are recorded as income in the periods in which they are earned. In respect of rents linked to tenant revenues, where information is not available, management uses estimates based on knowledge of the tenant and past data. Rent reviews are recognised as income from the date of the rent review, based on management's estimates.

Estimates are derived from knowledge of market rents for comparable properties determined on an individual property basis and updated for progress of negotiations.

Service charge income is recorded as income over time in the year in which the services are rendered and the performance obligations are satisfied.

1.6 Interest income and expense

Interest income and expense is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

1 Accounting policies **(Continued)**

1.7 Investment and development property

Investment and development property is owned or leased by the group and held for long-term rental income and capital appreciation.

The group has elected to use the fair value model. Property is initially recognised at cost and subsequently revalued at the balance sheet date to fair value as determined by professionally qualified external valuers on the basis of market value. Valuations conform with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2017 incorporating the International Valuation Standards and the UK National Supplement 2018 (the Red Book).

The main estimates and judgements underlying the valuations are described in note 10.

The cost of investment and development property includes capitalised interest and other directly attributable outgoings incurred during development. Interest is capitalised on the basis of the average rate of interest paid on the relevant debt outstanding. Interest ceases to be capitalised on the date of practical completion.

Gains or losses arising from changes in the fair value of investment and development property are recognised in the income statement.

Depreciation is not provided in respect of investment and development property.

Sales and purchases of investment property are recognised when control passes on completion of the contract. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

1.8 Investments in subsidiaries

Investments in subsidiaries are carried on the balance share at cost less any provisions for impairment.

1.9 Impairment of assets

The group's assets are reviewed at each balance sheet date to determine whether events or changes in circumstances exist that indicate that their carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

At each balance sheet date, the company reviews whether there is any indication that an impairment loss recognised in previous periods may have decreased. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss recognised in prior periods is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount. In this case the asset's carrying amount is increased to its recoverable amount but not exceeding the carrying amount that would have been determined had no impairment loss been recognised. The reversal of an impairment loss is recognised in the income statement.

1 Accounting policies **(Continued)**

1.10 Trade receivables

Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost less loss allowance for expected credit losses.

When applying a loss allowance for expected credit losses, judgement is exercised as to the collectability of trade receivables and to determine if it is appropriate to impair these assets. When considering expected credit losses, management has taken into account days past due, credit status of the counterparty and historical evidence of collection.

No security is held in respect of any trade and other receivables, and there were no other credit enhancements

1.11 Leases

– Group as lessee:
Leases of investment property are accounted for as a right-of-use asset and a lease liability. The investment property asset is included in the statement of financial position at fair value, gross of the recognised lease liability. Contingent rents are recognised as they accrue.
Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate

– Group as lessor:
A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are normally classified as operating leases.

Investment properties are leased to tenants under operating leases, with rental income being recognised on a straight-line basis over the lease term. For more detail see the revenue accounting policy.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with banks, whether restricted or unrestricted and other short-term liquid investments with original maturities of three months or less.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

1.15 Borrowings

Borrowings are initially recognised at fair value taking into account attributable transaction costs and subsequently carried at amortised cost with any transaction costs, premiums or discounts recognised over the contractual life in the income statement using the effective interest method.

In the event of early repayment, all unamortised transaction costs are recognised immediately in the income statement.

1.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

1.17 Current/non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption within one year of the reporting date. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes and expected to be settled within one year of the reporting date. All other liabilities are classified as non-current liabilities.

2 Segmental reporting

Operating segments are determined based on the strategic and operational management of the group. The group is a UK shopping centre focused business and has one reportable operating segment being UK shopping centres. Although certain areas of business performance are reviewed and monitored on a centre-by-centre basis, the operating segment is consistent with the strategic and operational management of the group.

The principal profit indicator used to measure performance is net rental income. An analysis of net rental income is given below:

	2020 £m	**2019 £m**
Rent receivable	29.0	38.8
Service charge income	13.4	14.2
Revenue	42.4	53.0
Rent payable	-	(6.9)
Service charge costs	(17.4)	(16.3)
Other non-recoverable costs	(32.2)	(6.4)
Net rental income	(7.2)	23.4

3 Operating leases

The group earns rental income by leasing its investment properties to tenants under operating leases.

Historically in the UK, the standard shopping centre lease was for a term of 10 to 15 years. Standard lease provisions include service charge payments, recovery of other direct costs and review every five years to market rent. Such leases are increasingly being replaced by turnover based leases which have a turnover percentage agreed with each lessee which is applied to a retail unit's annual sales and any excess between the resulting turnover rent and the minimum rent (where applicable) is receivable by the group and recognised as income in the period in which it arises. The typical lease length is also shortening, and most lessees require the right to terminate the lease before its expiry.

The future minimum lease amounts receivable under non-cancellable operating leases are as follows:

	2020 £m	**2019 £m**
Within one year	24.8	29.2
Later than one year and not later than five years	58.9	70.9
Over five years	53.2	61.4
	136.9	161.5

4 Employees

During the year the group and the company (excluding directors) had no employees (2019 none).

Then aggregate remuneration of the directors comprised:

	2020 £m	2019 £m
Wages and salaries	0.1	-
Social security costs	0.1	-
	0.2	-

The directors do not receive any employee benefits.

5 Operating profit

The loss before tax of the group of £179.5 million (2019 - £106 million) include fees in respect of the audit of the company and its subsidiaries of £300,000 (2019 - £42,954), which in 2019 was settled on their behalf by the ultimate parent Intu Properties Plc and was not recharged. No non-audit services were provided during the current or prior years.

6 Directors' remuneration

	2020 £m	2019 £m
Remuneration for qualifying services	0.1	-

7 Finance costs

	2020 £m	2019 Restated £m
On bank loans and overdrafts	16.8	16.8
On lease liabilities (note 31)	1.0	1.0
	17.8	17.8

8 Finance income

	2020 £m	2019 £m
Interest income		
Interest receivable on forward funding service charge projects	-	0.4

9 Income tax expense

The charge for the year can be reconciled to the loss per the income statement as follows:

	2020 £m	2019 £m
Loss before taxation	(179.5)	(106.0)
Expected tax credit based on a corporation tax rate of 19.00% (2019: 19.00%)	(34.1)	(20.1)
Effect of expenses not deductible in determining taxable profit	0.4	-
UK transfer pricing adjustments	-	0.6
Partnership allocation	(4.4)	-
CIT interest disallowance	1.6	-
Deferred tax not recognised	13.8	-
Group relief	-	1.9
Partnership losses not taxable	9.7	-
Exempt property rental profits/losses in the year (REIT)	13.0	-
Exempt property rental profits and revaluations in the year		17.6
Tax expense	-	-

10 Investment property

	2020 £m	2019 Restated £m
Fair value		
At 1 January	344.1	432.8
Head lease addition (note 31)	-	16.4
Addition		4.8
Reversal of capex accrual	(0.4)	-
Fair value adjustment	(154.5)	(109.6)
Movement in tenant incentives	(2.3)	(0.3)
At 31 December	186.9	344.1

10 Investment property **(Continued)**

Included within investment and development property are tenant lease incentive balances totalling £17.9 million (2019 £20.2 million).

Investment and development property is measured at fair value in the consolidated balance sheet and categorised as Level 3 in the fair value hierarchy as one or more significant inputs to the valuation (including rent profiles and yields) are partly based on unobservable market data.

Transfers into and transfers out of the fair value hierarchy levels are recognised on the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 for investment and development property during the year.

The group has only one class of investment and development property asset. All the group's significant investment and development property relates to prime shopping centres which share similar nature, characteristics and risks.

Capital commitments
At 31 December 2020 the Board of Directors had approved £nil (2019 £nil) of future expenditure for the purchase, construction and enhancement of investment property.

Valuation process
It is the company's policy to engage an independent external valuer to determine the market value of its investment and development property at 31 December. This independent external valuer holds recognised and relevant professional qualifications and has recent experience in location and category of the investment and development property being valued. The company provides data to the valuer, including current lease and tenant data along with asset specific business plans. The valuer uses this and other inputs including market transactions for similar properties to produce valuations. These valuations and the assumptions they have made are then discussed and reviewed with the company's directors.

Valuation methodology
The fair value of the company's investment and development property as at 31 December 2020 was determined by CBRE Limited, an independent external valuer at that date. The valuations are in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation –Global Standards 2017 incorporating the International Valuation Standards and the UK National Supplement 2018 (the Red Book) and were arrived at by reference to market transactions for similar properties and rent profiles. Fair values for investment properties are calculated using the present value income approach. The main assumptions underlying the valuations are in relation to rent profile and yields as discussed below.

The key driver of the property valuations is the terms of the leases in place at the valuation date. These determine the majority of the cash flow profile of the property for a number of years and therefore form the basis of the valuation. The valuation assumes adjustments from these rental values in place at the valuation date to market rent (ERV) at the time of the next rent review (where a typical lease allows only for upward adjustment) and as leases expire and are replaced by new leases. The ERV is assessed based on evidence provided by the most recent relevant leasing transactions and negotiations. This is based on evidence available at the date of valuation and does not assume future increases in market rent.

The nominal equivalent yield is applied as a discount rate to the rental cash flows which, after taking into account other input assumptions such as vacancies and costs, generates the property valuation. The nominal equivalent yield applied is assessed by reference to market transactions for similar properties and takes into account, amongst other things, any risks associated with the rent uplift assumptions.

The net initial yield is calculated as the current net income over the gross market value of the asset and is used as a sense check and to compare against market transactions for similar properties.

The valuation output, along with inputs and assumptions, are reviewed by management to ensure that they are in line with those of market participants.

10 Investment property **(Continued)**

The table below provides details of the 31 December 2020 assumptions used in the valuation and key unobservable inputs for the most significant properties held by the group:

2020

	Market value £m	Net initial yield	Nominal equivalent yield	Annual property income £m
Soar at Intu Braehead	27.0	7.45%	9.68%	2.3
Intu Eldon Square	108.9	5.99%	7.81%	6.9
Intu Potteries	31.0	8.9%	11.51%	2.9
Intu Bridlesmith Gate	1.6	12.77%	10.24%	0.2
Total	168.5			
Head lease liability	18.4			
Grand total	186.9			

2019

	Market value £m	Net initial yield	Nominal equivalent yield	Annual property income £m
Soar at Intu Braehead	40.5	7.4%	8.0%	3.6
Intu Eldon Square	212.9	5.4%	6.2%	13.1
Intu Potteries	68.3	10.9%	11.0%	10.1
Intu Bridlesmith Gate	4.0			
Total	325.7			
Head lease liability	18.4			
Grand total	344.1			

The market value above consists of the market value of the properties plus the capitalised head lease liability.

The 2019 Intu Bridlesmith Gate net initial yield, nominal equivalent yield and annual property income values are not known.

11 Investments

	Current		Non-current	
	2020 £m	2019 £m	2020 £m	2019 £m
Investments in subsidiaries	-	-	190.1	268.4

11 Investments **(Continued)**

Movements in non-current investments

	Shares in subsidiaries £m
Cost	
At 1 January 2020 & 31 December 2020	389.2
Impairment	
At 1 January 2020	(120.8)
Impairment losses	(78.3)
At 31 December 2020	(199.1)
Carrying amount	
At 31 December 2020	190.1
At 31 December 2019	268.4

An impairment adjustment has been made so as to reduce the carrying value of the subsidiaries in the parent statement of financial position to fair value of the assets in the subsidiary less costs of disposal. In the opinion of the directors, this is the appropriate basis to use because the subsidiairies' balance sheets consist primarily of investment properties. The basis reflects the higher of the value in use and fair value less costs.

12 Subsidiaries

Name of undertaking	Registered office	Class of shares held	% Held Direct
Intu 2027 Limited (dormant)	c/o APAM Ltd, 4th floor, 84 Grosvenor Street, London, W1K 3JZ	Ordinary shares	100.00
Intu Eldon Square Limited (property)	c/o APAM Ltd, 4th floor, 84 Grosvenor Street, London, W1K 3JZ	Ordinary shares	100.00
Steventon Limited (property)	1 Waverly Place, Union Street, St Helier, Jersey, JE1 1SG	Ordinary shares	100.00
Potteries (GP) Limited (general partner)	c/o APAM Ltd, 4th floor, 84 Grosvenor Street, London, W1K 3JZ	Ordinary shares	100.00
The Potteries Shopping Centre Limited partnership (property)	c/o APAM Ltd, 4th floor, 84 Grosvenor Street, London, W1K 3JZ	n/a	-
Intu Potteries Limited (limited partner)	c/o APAM Ltd, 4th floor, 84 Grosvenor Street, London, W1K 3JZ	Ordinary shares	100.00
Intu Braehead Leisure Limited (holding company)	c/o APAM Ltd, 4th floor, 84 Grosvenor Street, London, W1K 3JZ	Ordinary shares	100.00
Intu Braehead Limited (holding company)	c/o APAM Ltd, 4th floor, 84 Grosvenor Street, London, W1K 3JZ	Ordinary shares	100.00
Braehead Leisure Partnership (property)	c/o APAM Ltd, 4th floor, 84 Grosvenor Street, London, W1K 3JZ	n/a	-
Potteries (Nominee No.1) Limited (dormant)	c/o APAM Ltd, 4th floor, 84 Grosvenor Street, London, W1K 3JZ	Ordinary share	100.00
Potteries (Nominee No.2) Limited (dormant)	c/o APAM Ltd, 4th floor, 84 Grosvenor Street, London, W1K 3JZ	Ordinary share	100.00
Intu Bridlesmith Gate Limited (property)	c/o APAM Ltd, 4th floor, 84 Grosvenor Street, London, W1K 3JZ	Ordinary share	100.00

13 Company deferred taxation

The following are the major deferred tax assets recognised by the company and movements thereon during the current and prior reporting period.

	Tax losses
	£
Deferred tax asset at 1 January 2019 and 1 January 2020	-
Deferred tax movements in current year	
Credit to profit or loss	0.2
Deferred tax asset at 31 December 2020	0.2

14 Group trade and other receivables

	2020	2019
	£m	**£m**
Trade receivables	9.6	4.0
Other receivables	0.6	0.1
Prepayments	6.8	8.7
	17.0	12.8

15 Company trade and other receivables

	2020	2019
	£m	**£m**
Amounts owed by fellow group undertakings	180.4	238.9

Amounts owed from related companies are unsecured, repayable on demand and, are not interest bearing. Whilst repayable on demand the company does not expect that the debt will be demanded within one year.

16 Group trade and other payables

	Current		Non-current	
	2020	**2019**	**2020**	**2019**
	£m	**£m**	**£m**	**£m**
Trade payables	2.8	0.3	-	-
Amounts owed to related parties	246.1	222.1	-	-
Accruals	2.4	10.3	-	-
Social security and other taxation	3.0	2.8	-	-
Rents received in advance	4.6	8.7		
Other payables	6.1	1.1	-	-
	265.0	245.3	-	-

17 Company trade and other payables

	2020 £m	2019 £m
Trade payables	1.0	-
Amounts owed to fellow group undertakings	190.1	190.1
Amounts owed to related parties	246.1	221.5
Other payables	2.1	-
	439.3	411.6

Amounts owed to related parties are unsecured and repayable on demand.

18 Group borrowings

	Current		Non-current	
	2020 £m	2019 £m	2020 £m	2019 £m
Borrowings held at amortised cost:				
Debentures	311.8	6.5	-	288.5

	2020 £m	2019 £m
Secured borrowings included above:		
Debentures	311.8	295.0

The group's borrowings are secured against its property assets, and are repayable on demand. Refer to note 30 for more details.

19 Company borrowings

	Current		Non-current	
	2020 £m	2019 £m	2020 £m	2019 £m
Borrowings held at amortised cost:				
Debentures	311.8	6.5	-	288.5

	2020 £m	2019 £m
Secured borrowings included above:		
Debentures	311.8	295.0

The company's borrowings are secured against its property assets, and are repayable on demand. Refer to note 30 for more details.

20 Fair value of financial liabilities

Except as detailed below, the directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

	Carrying value		Fair value	
	2020	2019	2020	2019
	£m	£m	£m	£m
Debentures	311.8	295.0	209.9	183.5
	311.8	295.0	209.9	183.5

Determining the fair value of financial liabilities
The fair values of financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

21 Lease liabilities

Head leases on investment property are included within investment property on the balance sheet and represent the right-of-use on certain investment property that has a head lease.

	2020	2019 Restated*
Minimum lease payments fall due	£m	£m
Not later than one year	1.0	1.0
Later than one year and not later than five years	4.0	4.0
Later than five years	230.7	231.7
	235.7	236.7
Future finance charges on lease liabilities	(217.3)	(218.3)
Present value of finance lease liabilities	18.4	18.4

	2020	2019 Restated*
Present value of lease liabilities	£m	£m
Not later than one year	1.0	1.0
Later than one year and not later than five years	4.0	4.0
Later than five years	13.4	13.4
	18.4	18.4

* See note 31 for details of restated amounts.

22 Debt profile

The external borrowings are secured on the properties of the subsidiaries of the group. The amount pledged as security is therefore the carrying value of the investment property before head lease liability. No assets are pledged as security on any other liabilities. No interest is charged on intercompany undertakings.

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Wholly repayable within one year	311.8	6.5	311.8	6.5
Wholly repayable in more than one year but not more than two years	-	6.9	-	6.9
Wholly repayable in more than two years but not more than five years	-	23.1	-	23.1
Wholly repayable in more than five years	-	258.5	-	258.5
	311.8	295.0	311.8	295.0

23 Financial risk management

The group and company are exposed to a variety of financial risks arising from the group's operations being principally market risk, liquidity risk and credit risk.

Market risk
Interest rate risk
Interest rate risk comprises of both cash flow and fair value risks.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market interest rates.

There is minimal cash flow interest rate risk as the debenture is at a fixed rate of 5.562%.

Liquidity risk
Liquidity risk is managed to enable the company to meet future payment obligations when financial liabilities fall due. Although the loan stock is technically repayable on demand as a result of covenant breaches during the year, no demand for repayment is expected before the original maturity date in 2027.

Intercompany recoverability risks
The intercompany receivables have been impaired down to the amount expected to be recoverable based on the relevant company's fair value less cost of disposal, which reduces risk of receivables being overstated.

23 Financial risk management **(Continued)**

Credit risk
Credit risk is the risk of financial loss if a tenant or counterparty fails to meet an obligation under a contract. Credit risk arises primarily from trade receivables relating to tenants but also from the group's holdings of assets with counterparties such as cash deposits and loans.

Credit risk associated with trade receivables is actively managed; tenants are typically invoiced quarterly in advance and are managed individually by asset managers, who continuously monitor and work with tenants aiming, wherever possible, to identify and address risks prior to default.

Prospective tenants are assessed via a review process, including obtaining credit ratings and reviewing financial information which is conducted internally. As a result, deposits or guarantors may be obtained.

When applying a loss allowance for expected credit losses, judgement is exercised as to the collectability of trade receivables and to determine if it is appropriate to impair these assets. When considering expected credit losses, management has taken into account days past due, credit status of the counterparty and historical evidence of collection.

The ageing analysis of these trade receivables is as follows:

	Group 2020 £m	Group 2019 £m
Up to 3 months	9.6	2.7
Three to six months	-	1.3
Trade receivables	9.6	4.0

At 31 December 2020 trade receivables are shown net of provisions totalling £14.1 million (2019 £1.5 million).

The credit risk relating to cash and deposits is managed by restricting relationships to tier one institutional counterparties. Excessive credit risk is avoided through adhering to authorised limits for all counterparties.

23 Financial risk management **(Continued)**

Classification of financial assets and liabilities
The tables below set out the group's accounting classification of each class of financial assets and liabilities, and their fair values.

The fair values of quoted borrowings are based on the asking price.

Group **2020**	**Carrying value** **£m**	**Fair value** **£m**	**Loss to income statement** **£m**
Trade and other receivables	17.0	17.0	-
Cash and cash equivalents	11.0	11.0	-
Total financial assets - amortised cost	28.0	28.0	-
Trade and other payables	(265.0)	(265.0)	-
Borrowings	(311.8)	(209.9)	-
Lease liabilities	(18.4)	(18.4)	
Total financial liabilities - amortised cost	(595.2)	(493.3)	-

Group **2019**	**Carrying value** **£m**	**Fair value** **£m**	**Loss to income statement** **£m**
Trade and other receivables	12.8	12.8	-
Cash and cash equivalents	1.0	1.0	-
Total financial assets - amortised cost	13.8	13.8	-
Trade and other payables	(245.3)	(245.3)	-
Borrowings	(295.0)	(183.5)	-
Lease liabilities	(18.4)	(18.4)	
Total financial liabilities - amortised cost	(558.7)	(447.2)	-

There are no gains or losses arising on financial assets or liabilities recognised direct to equity (2019 £nil).

Fair value hierarchy

Level 1	Valuation based on quoted market prices traded in active markets.
Level 2	Valuation techniques are used, maximising the use of observable market data, either directly from market prices or derived from market prices.
Level 3	Where one or more inputs to valuation are unobservable. Valuations at this level are more subjective and therefore more closely managed, including sensitivity analysis of inputs to valuation models. Such testing has not indicated that any material difference would arise due to a change in input variables.

23 Financial risk management **(Continued)**

Transfers into and transfers out of the fair value hierarchy levels are recognised on the date of the event or change in circumstance that caused the transfer. There were no transfers into or out of the fair value hierarchy levels for the above financial assets and liabilities during the year (2019 none).

24 Share capital

	2020	2019	2020	2019
Ordinary share capital	**Number**	**Number**	**£m**	**£m**
Issued and fully paid				
Ordinary shares of £1 each	100,000,000.0	100,000,000.0	100.0	100.0

25 Events after the reporting date

On 8 October 2021 Intu Bridlesmith Gate Limited sold its investment property for £2.0 million, being £0.4 million more than the property's valuation at the balance sheet date. This company is now dormant and will be liquidated in due course.

26 Group cash generated from operations

	2020	2019 Restated*
	£m	**£m**
Loss for the year after tax	(179.5)	(106.0)
Adjustments for:		
Finance costs	17.8	17.8
Finance income	-	(0.4)
Revaluation of investment and development property	154.5	109.6
Lease incentives and letting costs	2.7	0.9
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(4.2)	4.0
Increase in trade and other payables	19.7	3.2
Cash generated from operations	11.0	29.1
Per cash flow statement page	11.0	29.1

* See note 31 for details of restated amounts.

26 Group cash generated from operations **(Continued)**

	2020 £m	2019 Restated* £m
Net debt as previously reported	(312.4)	(318.7)
Increase in cash	10.0	0.1
Reduction in borrowings	-	24.0
Interest charge	(16.8)	(17.8)
Net debt	(319.2)	(312.4)

Net debt analysis	As at 01/01/2020 £m	Interest £m	Reclassification £m	Cashflow £m	As at 31/12/2020 £m
Liquid investments					
Cash and cash equivalents	1.0	-	-	10.0	11.0
Debt due within one year					
Borrowings	(6.5)	(16.8)	(288.5)		(311.8)
Lease Liabilities	(1.0)	-	-		(1.0)
	(7.5)	(16.8)	(288.5)		(312.8)
Debt due after one year					
Borrowings	(288.5)	-	288.5		-
Lease Liabilities	(17.4)	-	-		(17.4)
	(305.9)	-	288.5		(17.4)
Net debt	(312.4)	(16.8)	-	10.0	(319.2)

26 Group cash generated from operations (Continued)

Net debt analysis	As at 01/01/2019 £m	Interest £m	Reclassification £m	Cashflow £m	As at 31/12/2019 £m
Liquid investments					
Cash and cash equivalents	0.9	-		0.1	1.0
Debt due within one year					
Borrowings	(6.2)	(1.0)		(0.3)	(6.5)
Lease Liabilities	(0.1)	-		1.0	(1.0)
	(7.2)	(1.0)		0.7	(7.5)
Debt due after one year					
Borrowings	(295.0)	(16.8)		23.3	(288.5)
Lease Liabilities	(17.4)	-		-	(17.4)
	(312.4)	(16.8)		23.3	(305.9)
Net debt	(318.7)	(17.8)	-	24.1	(312.4)

27 Company cash (absorbed by)/generated from operations

	2020 £m	2019 £m
Loss for the year after tax	(178.2)	(101.8)
Adjustments for:		
Taxation credited	(0.2)	-
Impairment of investments in subsidiaries	78.3	27.8
Finance costs	16.8	16.7
Investment income	-	(3.2)
Movements in working capital:		
Decrease in trade and other receivables	58.5	75.1
Increase in trade and other payables	27.7	5.1
Cash generated from operations	2.9	19.7

28 Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation for the group.

Group
Significant transactions between the group and its related companies are shown below:

	Nature of transactions	2020 £m	2019 £m
Intu Retail Services Limited	Costs of facilities management	15.1	11.0

Intu Retail Services is a subsidiary of Intu Properties Plc and therefore was a fellow subsidiary of the group prior to the administration

Company
There were no significant transactions between the parent company and its subsidiaries during the current and previous year.
Balances outstanding between the parent company and its subsidiaries are shown below:

Amounts due to related parties	Amounts owed to 2020 £m	Amounts owed to 2019 £m
Liberty International Group Treasury Limited	246.1	222.1

Liberty International Group Treasury Limited is a subsidiary of Intu Properties Plc and therefore was a fellow subsidiary of the group prior to the administration

28 Related party transactions **(Continued)**

Company

There were no significant transactions between the parent company and its subsidiaries during the current and previous year.
Balances outstanding between the parent company and its subsidiaries are shown below:

	2020 £m	2019 £m
Amounts owed by subsidiary undertakings	180.4	238.9
Amounts owed to subsidiary undertakings	(190.1)	(190.1)

Significant balances outstanding between parent company and related companies are shown below:

	Amounts owed to 2020 £m	Amounts owed to 2019 £m
Liberty International Group Treasury Limited	246.1	221.4

29 Controlling party

The immediate and ultimate parent company is Intu Properties Plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the company, whose registered office is 10 Fleet Place, London, EC4M 7QS.

Intu Properties Plc is in Administration. Its Administrators have not relinquished any of the company’s rights in respect of its shareholding, but have not sought to exercise them.

30 Capital structure and financial covenants

Capital structure

The group has a capital cover and an interest cover requirement as part of its ongoing obligations under the issuance of 5.562 per cent Fixed Mortgage Debenture Stock 2027. The capital cover test requires mortgaged property to have a value of at least 150% of the final redemption amount of the Debenture Stock of £231,432,383.40. The interest cover test requires income from the mortgaged property to be at least the amount required to cover scheduled interest and redemption amounts payable on the Stock. Included within investment property for the purposes of the capital cover test and the income for the interest cover measurement at 31 December 2020 was Intu Eldon Square, Newcastle, Intu Potteries, Stoke on Trent, Bridlesmith Gate, Nottingham and Soar at Intu Braehead.

Capital cover requirements	Group 2020 £m	Group 2019 £m
Investment property held as collateral	179.5	347.2
Redemption value of external debt	(231.4)	(231.4)
Capital cover	77.6%	150.0%
Interest cover requirement		
Net rental income	(7.2)	23.4
Interest payable and redemption amounts	(22.9)	(22.9)
Interest cover	(31.4%)	102.5%

The capital cover covenant is 150.0% and the interest cover covenant is 100.0%. In 2020 these covenants were breached and as a result, the debt is now repayable on demand.

The debenture is currently secured on a number of the group's properties including Eldon Square, the Potteries and XSite at Braehead.

The group placed £15.0 million of additional security in a charged account.

The Issuer may withdraw property secured on the debenture by paying a sum of money or through the substitution of alternative property provided that the capital cover and interest cover tests are satisfied immediately following the substitution.

31 Prior period adjustment

Head lease

During the year, the group has identified that the lease liabilities for its property head leases were incorrectly based on the historical agreement terms. As a result of this, lease liabilities and investment property were understated over the period of error. The error has been corrected by restating each of the affected financial statement line items for prior periods. The effect of this correction on the group statement of financial position as of 31 December 2019 and 31 December 2018, the group income statement for the year then ended and the group statement of cash flows for the year then ended are summarised as follows:

Changes to the group statement of financial position

	At 31 December 2019		
	Previously reported	Adjustment	As restated
	£m	£m	£m
Non-current assets			
Investment property	327.7	16.4	344.1
Current liabilities			
Lease liabilities	(0.3)	(0.7)	(1.0)
Non-current liabilities			
Lease liabilities	(1.7)	(15.7)	(17.4)
Net liabilities	(200.8)	-	(200.8)
Equity			
Total equity	(200.8)	-	(200.8)

	At 31 December 2018		
	Previously reported	Adjustment	As restated
	£m	£m	£m
Non-current assets			
Investment property	432.8	16.4	449.2
Current liabilities			
Lease liabilities	(0.3)	(0.7)	(1.0)
Non-current liabilities			
Lease liabilities	(1.7)	(15.7)	(17.4)
Net liabilities	(94.8)		(94.8)
Equity			
Total equity	(94.8)	-	(94.8)

31 Prior period adjustment **(Continued)**

Changes to the group income statement

	Year ended 31 December 2019 Previously reported	Adjustment	As restated
	£m	£m	£m
Cost of sales	(30.3)	0.7	(29.6)
Finance costs	(17.1)	(0.7)	(17.8)
Loss for the financial year	(106.0)	-	(106.0)

Changes to the group statement of cash flows

	Year ended 31 December 2019 Previously reported	Adjustment	As restated
	£m	£m	£m
Finance costs	(17.1)	(0.7)	(17.8)
Lease incentives and letting costs	(0.6)	(0.3)	(0.9)
Cash generated from operations	28.1	1.0	29.1

There is no impact on the opening retained earnings of the company as at 1 January 2019.

Non-current assets
The Company has amounts owed by fellow group undertakings due from various subsidiaries. The carrying value of the receivables was £238.9 million at 31 December 2019 and this balance was presented in the Company statement of financial position as a current asset. The receivable should not have been presented as current because at 31 December 2019 management did not expect to realise the receivable within 12 months. The carrying amount of £180.4 million as at 31 December 2020 continues to be held as non-current assets to reflect the expected realization of the amounts. The prior year comparatives have been restated to reduce current assets by £238.9 million and increase non-current assets by £238.9 million. The adjustment has no overall effect on the net assets or on profit of the Company for the year ended 31 December 2019.