

Company Registration No. 3920512

**CHAPELFIELD GP LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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# **CHAPELFIELD GP LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors submit their Strategic Report of Chapelfield GP Limited ('the Company') for the year ended 31 December 2019.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is to act as the general partner of The Chapelfield Partnership ("the Limited Partnership"). The Company is responsible for the management of the business of the Limited Partnership.

The Company in its role as general partner can bind the Limited Partnership in a contract. No further partner may be admitted to the Limited Partnership except with the consent of the company as general partner. The constitution and governance of the Limited Partnership including the rights of the general partner are determined by the Limited Partnership Agreement dated 23 December 2002 and subsequent Deed of Variation dated 31 January 2018.

### **BUSINESS REVIEW**

The Company's results and financial position for the year ended 31 December 2019 are set out in full in the income statement, the balance sheet, the statement of changes in equity and the notes to the financial statements.

The Company recorded a loss before tax of £111 compared with a profit before tax of £9 for the previous year. Net liabilities at 31 December 2019 were £1 (2018 Net assets of £110).

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The directors have considered the future activity of the business below and within the going concern section.

### **FUTURE DEVELOPMENTS AND EVENTS AFTER THE REPORTING DATE**

The ongoing volatility in the UK retail market has been further exacerbated by the impact of Covid-19 since the balance sheet date, with non-essential retail at intu Chapelfield closed between 24 March and 15 June 2020 in order to comply with measures put in place by the UK Government to limit virus transmissions. From 15 June 2020 non-essential stores began to trade and from 4 July 2020 catering outlets started to re-open, with the opening of leisure facilities permitted from 25 July 2020.

Rents received from customers at intu Chapelfield for the quarter beginning 25 March 2020 were significantly reduced, with collections as at 10 August 2020 totalling 38 per cent. Management are in discussions with customers on the outstanding rents but at this time it is unclear whether these rents will be fully recovered at a later date. Rents received from customers for the quarter beginning 25 June 2020 were 13 per cent as at 10 August 2020.

The directors expect there to be continued downward pressure on 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 clear. The latest independent property valuation for intu Chapelfield as at 30 June 2020 shows a decrease of 23 per cent in market value against the December 2019 position.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, Intu properties plc (the ultimate parent company of the Company), along with certain intu group entities that provide asset and facilities management services to intu Chapelfield, entered administration.

To enable continued uninterrupted delivery of asset and facilities management services to intu Chapelfield from the date of intu properties plc's administration, the Partnership has entered into a 6-month Transitional Services Arrangement (TSA) with Intu Retail Services Limited (in administration). As part of the TSA, the Partnership is required to pre-fund costs two months in advance to the service providers prior to delivery of services as well as settlement of existing arrears.

# **CHAPELFIELD GP LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

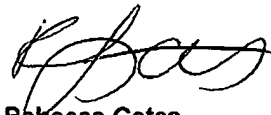
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **PRINCIPAL RISKS AND UNCERTAINTIES**

As the Company is a wholly owned, indirect subsidiary of intu properties plc (in administration), the Company faces largely those risks and uncertainties faced by the intu properties plc group. The development of the Covid-19 pandemic since the year end has heightened some of the group's principal risks, including those relating to the investment property market, which is influenced by both macroeconomic and retail specific factors, and the group's operational risk, particularly in respect of health and safety. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the intu properties plc group financial statements.

On behalf of the Board



**Rebecca Gates**

**Director**

**27 August 2020**



**Kathryn Grant**

**Director**

**27 August 2020**

# CHAPELFIELD GP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

The Company is incorporated and registered in England and Wales (company number 3920512). The Company's registered office is 40 Broadway, London, SW1H 0BT.

#### DIVIDENDS

The directors do not recommend a dividend for the year (2018 £nil).

#### FINANCIAL RISK MANAGEMENT

The Company's approach to financial risk management is explained in note 8 to the financial statements.

#### CAPITAL MANAGEMENT

The directors consider the capital of the Company to be the ordinary share capital of £2 (2018 £2). Management of this capital is performed by the directors of the ultimate parent companies of the joint controlling parties.

#### GOING CONCERN

Full detail in respect of going concern is set out in note 1. The going concern disclosure details that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

#### DIRECTORS

The directors who held office during the year and until the date of this report are given below:

Sean Crosby	(Appointed 1 February 2020; Resigned 7 August 2020)
Colin Flinn	(Appointed 6 November 2019; Resigned 1 February 2020)
Rebecca Gates	
Kathryn Grant	(Appointed 1 February 2020)
Divya Jain	(Appointed 6 November 2019; Resigned 1 February 2020; Appointed 1 February 2020 and Resigned 7 August 2020)
Francesca Moffat	(Appointed 6 November 2019; Resigned 1 February 2020; Appointed 1 February 2020 and Resigned 21 April 2020)
Maurice Moses	(Appointed 7 August 2020)
Thomas Rose	
Rebecca Ryman	(Resigned 6 November 2019)
Dushyant Sangar	(Resigned 1 February 2020)

#### DIRECTORS' INDEMNITY PROVISION

A qualifying indemnity provision (as defined in S234 of the Companies Act 2006) was in force for the benefit of the directors of the Company during the financial year and at the date of the approval of the financial statements. The joint owners of the Company maintain directors' and officers' insurance, respectively, which is reviewed annually.

# CHAPELFIELD GP LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### 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 financial statements in accordance with International Financial Reporting Standards (IFRS) 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 IFRS standards 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.

### INDEPENDENT AUDITOR

Deloitte LLP succeeded PricewaterhouseCoopers LLP as the auditor for the financial year commencing 1 January 2019, further to the resolution passed at the AGM on 3 May 2019.

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.

### DIRECTORS' CONFIRMATIONS

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance.

On behalf of the Board



Rebecca Gates  
Director

27 August 2020

## **Independent auditor's report to the members of Chapelfield GP Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Chapelfield GP Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement and statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the notes to the financial statements 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

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

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

#### **Material uncertainty relating to going concern**

We draw attention to note 1 in the financial statements, which indicates that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern.

The Company is the general partner to the The Chapelfield Partnership (the Partnership), which owns and manages intu Chapelfield.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with its lenders, intu properties plc (the ultimate parent company of the Company), along with certain intu group entities that provide asset and facilities management services to intu Chapelfield, were placed into administration.

To enable continued uninterrupted delivery of asset and facilities management services to intu Chapelfield from 26 June 2020, the date of intu properties plc's administration, the Partnership has entered into a 6-month Transition Services Arrangement (TSA) with intu properties plc's administrator. As part of the TSA, the administrators require pre-funding of any costs prior to delivery of services.

The Partnership and Group is funded through partner loans of £148 million provided by Chapelfield LP Limited and TransPennine Partners (Scot) LP (the Limited Partners).

We identified the following areas which we considered to be the key risks giving rise to a material uncertainty in relation to the directors' going concern assessment. Should any of the risk factors discussed in note 1 or below occur, the Company may be unable to make payments as they fall due and may enter administration.

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**Risk area**

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***The Partnership:***

The financial statements of The Chapelfield Partnership indicate a material uncertainty exists that may cast significant doubt on its ability to continue as a going concern relating to:

- risk of default and covenant compliance;
- implications of the intu properties plc administration;
- the TSA period;
- time following the TSA period; and
- impact of Covid-19.

If the Partnership is no longer able to continue as a going concern, there may be no requirement for the Company to remain a general partner, and therefore to continue in operation.

There is further risk that should the Partnership not continue as a going concern, the Company will be unable to remain liquid and repay liabilities as they fall due, creating a potential liquidity shortfall.

***Company liquidity***

There is a risk that without additional funding the Company may not be able to pay its liabilities as they fall due.

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As stated in note 1, the events or conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other information**

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

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

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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.

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

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.



**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.

**Stephen Craig FCA (Senior Statutory Auditor)****For and on behalf of Deloitte LLP**

Statutory Auditor

London, United Kingdom

20 August 2020

## CHAPELFIELD GP LIMITED

### INCOME STATEMENT, STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

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	Notes	2019 £	2018 £
Revenue	2	1	9
Operating profit		1	9
Expected credit losses on amounts owed by group undertakings	6	(112)	-
Operating (loss)/profit	3	(111)	9
(Loss)/profit before taxation	3	(111)	9
Taxation	4	-	(1)
(Loss)/profit for the year		(111)	8

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

The Company does not operate any bank accounts and all operations are funded through intercompany balances, therefore there are no cash balances or movements and accordingly a statement of cash flows has not been prepared.

# CHAPELFIELD GP LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
<b>Non-current assets</b>			
Investment in subsidiary	5	1	1
<b>Current assets</b>			
Trade and other receivables	6	-	111
<b>Total assets</b>		1	112
<b>Current liabilities</b>			
Trade and other payables	7	(1)	(1)
Current tax liabilities		(1)	(1)
		(2)	(2)
<b>Total liabilities</b>		(2)	(2)
<b>(Net liabilities)/net assets</b>		(1)	110
<b>Equity</b>			
Share capital	9	2	2
(Accumulated losses)/retained earnings		(3)	108
<b>Total equity</b>		(1)	110

The notes on pages 12 to 19 form part of these financial statements

The financial statements of Chapelfield GP Limited (registration number: 3920512) were approved by the Board of directors and authorised for issue on 27 August 2020 and were signed on its behalf by:



Rebecca Gates  
Director



Kathryn Grant  
Director

# CHAPELFIELD GP LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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	Share capital	Retained earnings/ (accumulated losses)	Total equity
	£	£	£
<b>Balance at 1 January 2018</b>	2	100	102
	<hr/>	<hr/>	<hr/>
Profit for the year	-	8	8
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	8	8
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2018</b>	2	108	110
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2019	2	108	110
	<hr/>	<hr/>	<hr/>
Loss for the year	-	(111)	(111)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(111)	(111)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2019</b>	2	(3)	(1)
	<hr/>	<hr/>	<hr/>

# CHAPELFIELD GP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting convention, basis of preparation and accounting policies

Chapelfield GP Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 3.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 1.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared on the historical convention. A summary of the accounting policies is set out below.

The accounting policies are consistent with those applied in the last annual financial statements, as amended when relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year.

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 Company's financial statements.

#### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with the Company'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**

Expected credit losses – a key source of estimation uncertainty exists over amounts due from group undertakings due to allowances for future expected credit losses that may be incurred. The directors do not believe there is a realistic prospect of this impairment being reversed.

#### **– critical accounting judgements**

Going concern – when preparing the financial statements, management is required to make an assessment of the entity'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 set out in going concern, there are events or conditions that indicate a material uncertainty exists in relation to going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

# CHAPELFIELD GP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting convention, basis of preparation and accounting policies

(Continued)

#### Going concern

—introduction and material uncertainty

The Company's business activities are set out in the principal activities section of the strategic report on page 1. The Company acts as general partner to The Chapelfield Partnership ('the Limited Partnership'), which owns and manages Intu Chapelfield.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, Intu Properties plc (the ultimate parent company of the Company), along with certain Intu group entities that provide asset and facilities management services to Intu Chapelfield, entered administration.

To enable continued uninterrupted delivery of asset and facilities management services to Intu Chapelfield from the date of Intu Properties plc's administration, the Limited Partnership (together with Chapelfield Nominee Limited) has entered into a 6-month Transitional Services Arrangement (TSA) with Intu Retail Services Limited - in administration. As part of the TSA, the Limited Partnership is required to pre-fund costs two months in advance to the service providers prior to delivery of services as well as settlement of existing arrears.

The financial statements of the Limited Partnership indicate that a material uncertainty exists that may cast significant doubt on its ability to continue as a going concern relating to:

- the impact of Covid-19 on ongoing operations;
- the funding of any potential liquidity shortfall;
- the transition to alternative third-party asset and facilities management service providers ahead of the 6-month TSA period end-date; and
- the strategic direction of the Limited Partnership going forward.

In the event that the Limited Partnership was no longer able to continue as a going concern, there may be no requirement for the Company to continue to act as a general partner to the Limited Partnership, and therefore to continue in operation (noting that the Company is liable for the debts of the Limited Partnership, in its capacity as General Partner). Certain aspects relating to these events and conditions are outside the control of the directors.

#### —conclusion

The events or conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

The auditor's report refers to this material uncertainty surrounding going concern

#### Revenue

Revenue represents fees receivable by the Company from The Chapelfield Partnership in accordance with the Limited Partnership Agreement and is recorded as income in the period in which it is earned.

#### Investments

The Company's investment in subsidiaries is carried at cost less impairment.

# CHAPELFIELD GP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting convention, basis of preparation and accounting policies

(Continued)

#### 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.

#### Taxation

Current tax is the expected tax payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates applicable at the balance sheet date.

#### 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.

#### 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.

Dividends are recognised when they become legally payable. In the case of interim dividends to owners, this is the date of payment. In the case of final dividends, this is when declared by shareholders at the annual general meeting.

### 2 Revenue

Revenue represents fees receivable by the Company from The Chapelfield Partnership in accordance with the Limited Partnership Agreement. Until 31 January 2018 the Company was entitled to receive a fee of £100 per annum from The Chapelfield Partnership. After this date the Company is entitled to receive a £1 share of the Partnership per year.

### 3 Profit before tax

The loss before tax of £111 (2018 profit of £9) did not include any amounts in respect of auditor's remuneration or director's remuneration (2018 £nil). The directors did not receive or waive any emoluments (2018 £nil) in respect of their services to the Company. No deduction is made for auditor's remuneration of £10,242 (2018 £1,762) which was settled on behalf of the Company by The Chapelfield Partnership and has not been recharged. No non-audit services were provided during the current or prior year.

There were no employees during the year (2018 none).

# CHAPELFIELD GP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 4 Taxation

The tax expense for the year is higher than (2018 lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £	2018 £
(Loss)/profit before tax	(111)	9
(Loss)/profit before tax multiplied by the standard rate of tax in the UK of 19% (2018 19%)	(21)	2
Group relief/consortium relief (without payment)	-	(1)
Disallowed expenses	21	-
Tax expense	-	1

### 5 Investment in subsidiary

Investment in subsidiary comprises a 100% interest in Chapelfield Nominee Limited\* which acts with the Company as a joint trustee in The Chapelfield Partnership\*, and is a joint owner of legal title to the property held in The Chapelfield Partnership. The historic cost of investments was £1 (2018 £1).

The Company as the general partner in The Chapelfield Partnership acts as a trustee of all assets and undertakings and is responsible for the management of the business of The Chapelfield Partnership.

In accordance with the partnership deed no capital contributions are required to be made by the general partner. Hence the Company has no exposure or rights to variable returns from its involvement with The Chapelfield Partnership and does not satisfy the criteria required by IFRS 10 to demonstrate control over The Chapelfield Partnership. The Chapelfield Partnership is therefore not considered a subsidiary of the Company.

\* The entity's registered office is 40 Broadway, London, United Kingdom, SW1H 0BT.

### 6 Trade and other receivables

	2019 £	2018 £
Amounts owed by group undertakings	-	111

Amounts owed by group undertakings are unsecured, repayable on demand and non-interest bearing. Amounts owed by group undertakings are stated net of £112 loss allowance for expected credit losses. Expected credit losses have increased during the year due to ongoing structural issues within the retail sector which have led to a deterioration in the results of certain group entities and the group as a whole. As a result of the increase in expected credit losses, a larger loss allowance has been recognised than in previous years.



# CHAPELFIELD GP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 7 Trade and other payables

	2019 £	2018 £
Amounts owed to group undertakings	1	1

Amounts owed to group undertakings are unsecured, non-interest bearing and payable on demand.

### 8 Financial risk management

The Company is exposed to a variety of financial risks arising from the Company's operations being principally liquidity risk and credit risk.

The majority of the Company's financial risk management is carried out by intu properties plc's treasury department and the intu properties plc group's policies for managing each of these risks as they apply to the Company and their impact on the results for the year are summarised below. Further details of intu properties plc's financial risk management are disclosed in the intu properties plc group's publicly available financial statements.

#### Liquidity risk

Liquidity risk is managed to enable the Company to meet future payment obligations when financial liabilities fall due. Liquidity analysis is conducted to ensure that sufficient headroom is available to meet the operational requirements and committed investments.

The intu properties plc group treasury policy aims to meet this objective through maintaining adequate cash, marketable securities and committed facilities to meet these requirements. The intu properties plc group's policy is to seek to optimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk. In effect the intu properties plc group seeks to borrow for as long as possible at the lowest acceptable cost.

The tables below set out the maturity analysis of the company's financial liabilities based on the undiscounted contractual obligations to make payments of interest and to repay principal.

	Repayable within 1 year or on demand £	Total £
<b>At 31 December 2019</b>		
Amounts due from group undertakings	(1)	(1)
<b>At 31 December 2018</b>		
Amounts due from group undertakings	(1)	(1)

#### Credit risk

# CHAPELFIELD GP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 Financial risk management

(Continued)

Credit risk is the risk of financial loss if a counterparty fails to meet an obligation under a contract. Credit risk arises primarily from trade receivables relating to amounts due from related parties under intercompany arrangements.

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 the financial position and credit status of the counterparty and historical evidence of collection.

There has been an increase in expected credit losses in the year due to ongoing structural issues within the retail sector which have led to a deterioration in the results of certain intu group entities and the intu properties plc group as a whole. As a result of the increase in expected credit losses, a larger loss allowance has been recognised than in previous years.

#### Classification of financial assets and liabilities

The table below sets out the Company's accounting classification of each class of financial assets and liabilities, and their fair values.

	Carrying value £	Fair value £
<b>2019</b>		
Trade and other payables	(1)	(1)
<b>Total financial liabilities - amortised cost</b>	<u>(1)</u>	<u>(1)</u>
	Carrying value £	Fair value £
<b>2018</b>		
Trade and other receivables	111	111
<b>Total financial assets - amortised cost</b>	<u>111</u>	<u>111</u>
Trade and other payables	(1)	(1)
<b>Total financial liabilities - amortised cost</b>	<u>(1)</u>	<u>(1)</u>

There were no gains or losses arising on financial assets or liabilities recognised in either the income statement or direct to equity (2018 £nil).

### 9 Share capital

	2019 £	2018 £
<b>Issued, called up and fully paid</b>		
2 (2018 2) of £1 each	2	2

# CHAPELFIELD GP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Related party transactions

During the year the Company entered into the following transactions with other group companies:

		2019 £	2018 £
	Nature of transaction		
The Chapelfield Partnership	Receipt of partnership fees	1	9

The following amounts were outstanding at the reporting end date:

	Amounts owed by	
	2019 £	2018 £
Liberty International Group Treasury Limited*	-	111

	Amounts owed to	
	2019 £	2018 £
Chapelfield Nominee Limited*	1	1

\* The entity's registered office is 40 Broadway, London, United Kingdom, SW1H 0BT.

### 11 Ultimate parent company

Until 31 January 2018 the ultimate parent company was intu properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. After 31 January 2018 the company has no ultimate parent company and is jointly controlled by Greater Manchester Pension Fund and West Yorkshire Pension Fund (managed through their agent, LaSalle Investment Management) and intu properties plc - in administration (together, 'the Joint Controlling Parties').

Until 31 January 2018 the immediate parent company was Intu (SGS) Limited\*, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above. After 31 January 2018 the company is jointly owned by Intu Chapelfield Limited and TransPennine Partners (Scot) LP\*\*.

\* The entity's registered office is 40 Broadway, London, United Kingdom, SW1H 0BT.

\*\* The entity's registered office is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

# CHAPELFIELD GP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 12 Events after the reporting date

In Q1 2020, the existence of a global virus outbreak known as Covid-19 was confirmed. Non-essential retail at intu Chapelfield closed between 24 March and 15 June 2020 in order to comply with measures put in place by the UK Government to limit virus transmissions. From 15 June 2020 non-essential stores began to trade and from 4 July 2020 catering outlets started to re-open, with the opening of leisure facilities permitted from 25 July 2020.

Rents received from customers at intu Chapelfield for the quarter beginning 25 March 2020 were significantly reduced, with collections as at 10 August 2020 totalling 38 per cent. Management are in discussions with customers on the outstanding rents but at this time it is unclear whether these rents will be fully recovered at a later date. Rents received from customers for the quarter beginning 25 June 2020 were 13 per cent as at 10 August 2020.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, intu properties plc (the ultimate parent company of the Company), along with certain intu group entities that provide asset and facilities management services to intu Chapelfield, entered administration.

To enable continued uninterrupted delivery of asset and facilities management services to intu Chapelfield from the date of intu properties plc's administration, the Limited Partnership has entered into a 6-month Transitional Services Arrangement (TSA) with Intu Retail Services Limited (in administration). As part of the TSA, the Limited Partnership is required to pre-fund costs two months in advance to the service providers prior to delivery of services as well as settlement of existing arrears.

The latest independent property valuation for intu Chapelfield as at 30 June 2020 shows a decrease of 23 per cent in market value against the December 2019 position.

**THE CHAPELFIELD PARTNERSHIP**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

THESE PARTNERSHIP ACCOUNTS  
FORM PART OF THE ACCOUNTS OF  
COMPANY NO: 3920512

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# **THE CHAPELFIELD PARTNERSHIP**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors of the General Partner present their strategic report for The Chapelfield Partnership ('the Partnership') and its subsidiary (together, 'the Group') for the year ended 31 December 2019.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Group is the ownership and management of intu Chapelfield, Norwich and residential property near intu Chapelfield. The activities of the Group and the Partnership are directed by Chapelfield GP Limited ('the General Partner'). The General Partner is ultimately jointly controlled by Greater Manchester Pension Fund and West Yorkshire Pension Fund (managed through their agent, LaSalle Investment Management), and intu properties plc - in administration (together, 'the Joint Controlling Parties').

### **BUSINESS REVIEW**

The Group's results and financial position for the year ended 31 December 2019 are set out in full in the consolidated income statement and statement of comprehensive income, the Group balance sheet, the Group statement of changes in partners' funds, the Group statement of cash flows and the related notes to the financial statements.

The Group'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 has affected the value of the Group's property, which has further decreased in 2019.

The Group's net rental income for the year was £13.3 million (2018 £15.2 million). The Group's loss transferred to partners' current account was £45.4 million (2018 £29.0 million) after recording a property revaluation deficit in the year of £53.5 million (2018 £39.6 million). The Group's net assets are £68.7 million (2018 £121.8 million).

Given the straightforward nature of the business, the directors of the General Partner are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The directors of the General Partner have considered the future activity of the business below and within the going concern section in note 1 to the financial statements.

### **FUTURE DEVELOPMENTS AND EVENTS AFTER THE REPORTING DATE**

The ongoing volatility in the UK retail market has been further exacerbated by the impact of Covid-19 since the balance sheet date, with non-essential retail at intu Chapelfield closed between 24 March and 15 June 2020 in order to comply with measures put in place by the UK Government to limit virus transmissions. From 15 June 2020 non-essential stores began to trade and from 4 July 2020 catering outlets started to re-open, with the opening of leisure facilities permitted from 25 July 2020.

Rents received from customers at intu Chapelfield for the quarter beginning 25 March 2020 were significantly reduced, with collections as at 10 August 2020 totalling 38 per cent. Management are in discussions with customers on the outstanding rents but at this time it is unclear whether these rents will be fully recovered at a later date. Rents received from customers for the quarter beginning 25 June 2020 were 13 per cent as at 10 August 2020.

The directors of the General Partner expect there to be continued downward pressure on 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 clear. The latest independent property valuation for intu Chapelfield as at 30 June 2020 shows a decrease of 23 per cent in market value against the December 2019 position.

# **THE CHAPELFIELD PARTNERSHIP**

## **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

### **FUTURE DEVELOPMENTS AND EVENTS AFTER THE REPORTING DATE (CONTINUED)**

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, intu properties plc (the ultimate parent company of the intu group), along with certain intu group entities that provide asset and facilities management services to intu Chapelfield, entered administration.

To enable continued uninterrupted delivery of asset and facilities management services to intu Chapelfield from the date of intu properties plc's administration, the Partnership has entered into a 6-month Transitional Services Arrangement (TSA) with Intu Retail Services Limited (in administration). As part of the TSA, the Partnership is required to pre-fund costs two months in advance to the service providers prior to delivery of services as well as settlement of existing arrears.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

There are no principal risks and uncertainties facing the Partnership which are not faced by the ultimate parent companies of the Joint Controlling Parties. The development of the Covid-19 pandemic since the year end has heightened some of the Group's principal risks, including those relating to the investment property market, which is influenced by both macroeconomic and retail specific factors, and the Group's operational risk, particularly in respect of health and safety. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the consolidated financial statements of the ultimate parent companies of the Joint Controlling Parties.

**Signed on behalf of Chapelfield GP Limited**



**Rebecca Gates**  
Director  
27 August 2020



**Kathryn Grant**  
Director  
27 August 2020

# **THE CHAPELFIELD PARTNERSHIP**

## **GENERAL PARTNER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The Partnership was registered in England and Wales as a Limited Partnership on 25 October 2000 under the Limited Partnerships Act 1907 (registration number LP007184). The Partnership was formed to develop, own and manage the intu Chapelfield shopping centre, Norwich. The Partnership's registered office is 40 Broadway, London, SW1H 0BT.

### **DISTRIBUTION**

During the year the Group paid distributions of £7.7 million (2018 £4.4 million).

### **FINANCIAL RISK MANAGEMENT**

The Group's approach to financial risk management is explained in note 11 to the financial statements.

### **GOING CONCERN**

Full detail in respect of going concern is set out in note 1. The going concern disclosure details that a material uncertainty exists that may cast significant doubt on the Partnership's ability to continue as a going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors of the General Partner have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

### **PARTNERS**

The General Partner is Chapelfield GP Limited. Under the Partnership Agreement the General Partner is not required to make a capital contribution and is entitled to receive an annual share of £1 from the Partnership. Until 31 January 2018, the sole Limited Partner was Chapelfield LP Limited. After 31 January 2018 the Limited Partners were Chapelfield LP Limited and TransPennine Partners (Scot) LP, who are entitled to be allocated all profits and losses from the Partnership. No such allocation shall oblige the Limited Partners to be liable to contribute more than the amount of their capital contribution. Legal title to the freehold property owned by the Partnership (note 7) is held jointly by the General Partner and by Chapelfield Nominee Limited, a wholly owned subsidiary of the General Partner. The partners and their respective percentage holdings of the Partnership are shown below:

Chapelfield LP Limited	50%
TransPennine Partners (Scot) LP	50%

### **CAPITAL MANAGEMENT**

The General Partner considers the capital of the Group to be the Partners' capital account of £111.8 million (2018 £111.8 million). Management of this capital is performed by the directors of the General Partner.

### **CONSTITUTION AND GOVERNANCE**

The Partnership is bound by the Partnership Agreement, dated 23 December 2002 and subsequent Deed of Variation dated 31 January 2018.

### **RIGHTS AND ENTITLEMENTS - GENERAL PARTNER**

The General Partner is responsible for the management of the business of the Partnership and can bind the Partnership in contract. The General Partner is the only general partner of the Partnership. No further partner may be admitted to the Partnership except in accordance with the Partnership Agreement. No partner may dispose of its interest in the Partnership without the consent of the General Partner.



# **THE CHAPELFIELD PARTNERSHIP**

## **GENERAL PARTNER'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

### **RIGHTS AND ENTITLEMENT - LIMITED PARTNERS**

The Limited Partners fund the Partnership and are entitled to be allocated the profits and losses of the Partnership. No such allocation shall oblige a Limited Partner to be liable to contribute more than the amount of its capital contribution. Capital contributions will not be repaid until the Partnership is liquidated. The Limited Partners take no part in the management of the Partnership and are not able to bind the Partnership in contract.

### **STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The General Partner is responsible for preparing the General Partner's Report and financial statements in accordance with applicable law and regulations.

Company law, as applied to qualifying partnerships by the Partnership (Accounts) Regulations 2008 (the 'Regulations'), requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law, as applied to qualifying partnerships, the General Partner 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 Group and the Partnership and of the profit or loss of the Group and the Partnership for that period. In preparing these financial statements, International Accounting Standard 1 requires that the directors of the General Partner:

- 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 IFRS standards 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 Partnership's ability to continue as a going concern.

The directors of the General Partner are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Partnership.

### **INDEPENDENT AUDITOR**

Deloitte LLP succeeded PricewaterhouseCoopers LLP as the auditor for the financial year commencing 1 January 2019, further to the resolution passed at the AGM on 3 May 2019.

So far as the directors of the General Partner 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 are aware of that information.

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

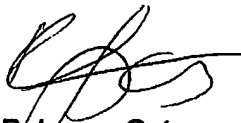
# **THE CHAPELFIELD PARTNERSHIP**

## **GENERAL PARTNER'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

### **DIRECTORS' OF THE GENERAL PARTNER CONFIRMATIONS**

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Partnership;
- the strategic report includes a fair review of the development and performance of the business and the position of the Group and the Partnership, together with a description of the principal risks and uncertainties that they face; and
- the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for members to assess the Group's and the Partnership's position and performance.

**Signed on behalf of Chapelfield GP Limited**



**Rebecca Gates**  
**Director**  
**27 August 2020**

## **Independent auditor's report to the members of The Chapelfield Partnership**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion:

- the financial statements of The Chapelfield Partnership (the 'qualifying partnership') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the qualifying partnership's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group and partnership's financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

We have audited the financial statements which comprise:

- the consolidated income statement and statement of comprehensive income;
- the consolidated and partnership balance sheets;
- the statements of changes in partners' funds;
- the consolidated and partnership cash flow statements; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the partnership financial statements, as applied in accordance with the provisions of the Companies Act 2006.

#### **Basis for opinion**

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

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

#### **Material uncertainty relating to going concern**

We draw attention to note 1 in the financial statements, which indicates that a material uncertainty exists which may cast significant doubt on the Group and Partnership's ability to continue as a going concern.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with its lenders, intu properties plc (the ultimate joint controlling party of the Partnership), along with certain intu group entities that provide asset and facilities management services to intu Chapelfield, were placed into administration.

To enable continued uninterrupted delivery of asset and facilities management services to intu Chapelfield from 26 June 2020, the date of intu properties plc's administration, the Partnership has entered into a 6-month Transition Services Arrangement (TSA) with intu properties plc's administrator. As part of the TSA, the administrators require pre-funding of any costs prior to delivery of services.

The Partnership and Group is funded through partner loans of £148 million provided by Chapelfield LP Limited and TransPennine Partners (Scot) LP (the Limited Partners).

We identified the following areas which we considered to be the key risks giving rise to a material uncertainty in relation to the directors' going concern assessment. Should any of the risk factors discussed in note 1 or below occur, the Group and Partnership may be unable to make payments as they fall due and may enter administration.

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## **Risk area**

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### *Risk of default and covenant compliance:*

30 June 2020 is a calculation date in relation to the loan to value and interest cover ratio covenants in respect of Chapelfield LP bank loan which is used to fund the Partnership. In the event of breach at 30 June 2020 or at future calculation dates, the lenders can enforce their security.

### *Implications of the intu properties plc administration*

There is risk that with new directors, the future strategy of the Group and Partnership may change and is therefore unknown. There could be a forced sale of intu Chapelfield, at a significant discount to the 31 December 2019 market value, which would then provide insufficient funds to the Group and Partnership to cover amounts as they fall due.

### *During the TSA period:*

There is risk that additional funding in order to meet all obligations as they fall due through the TSA period cannot be secured or agreed.

### *After the TSA period:*

There is risk that terms cannot be agreed with a suitable third-party asset and facilities management service provider resulting in the closure of intu Chapelfield. This could result in a number of lease defaults and insufficient liquidity due to decreased rental income.

### *Covid-19:*

Covid-19 has significantly decreased rent and service charge collection. There is a risk that there is a further spike in the Covid-19 pandemic in the United Kingdom resulting in varying levels of lockdown requiring the centres to close. This would result in further decreases in rent and service charge collection, having an adverse effect on the liquidity leading to insufficient funds to the Group and Partnership to cover the repayment of amounts as they fall due.

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As stated in note 1, the events or conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Group and Partnership's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other information**

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

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

We have nothing to report in respect of these matters.

**Responsibilities of members**

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the group's and the partnership'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 members either intend to liquidate the group or the partnership or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements**

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **Use of our report**

This report is made solely to the partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the partnership'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 limited liability partnership and the partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Stephen Craig FCA (Senior statutory auditor)**

**For and on behalf of Deloitte LLP**

Statutory Auditor

London, United Kingdom

20 August 2020

# THE CHAPELFIELD PARTNERSHIP

## CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £m	2018 £m
Revenue	2	<u>20.6</u>	<u>22.3</u>
Net rental income	2	13.3	15.2
Revaluation of investment property	7	(53.5)	(39.6)
Administrative expenses		<u>(0.3)</u>	<u>(0.2)</u>
Operating loss	3	<u>(40.5)</u>	<u>(24.6)</u>
Finance costs	5	<u>(4.9)</u>	<u>(4.4)</u>
Loss transferred to partners' current account		<u>(45.4)</u>	<u>(29.0)</u>

Other than the items presented 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.

# THE CHAPELFIELD PARTNERSHIP

## BALANCE SHEETS AS AT 31 DECEMBER 2019

	Notes	Group 2019 £m	Group re- presented* 2018 £m	Partnership 2019 £m	Partnership re- presented* 2018 £m
<b>Non-current assets</b>					
Investment property	7	213.0	267.1	212.9	267.0
Investment in subsidiary	6	-	-	-	-
		<u>213.0</u>	<u>267.1</u>	<u>212.9</u>	<u>267.0</u>
<b>Current assets</b>					
Trade and other receivables	8	1.4	3.1	1.7	3.1
Cash and cash equivalents		7.9	7.0	7.9	7.0
		<u>9.3</u>	<u>10.1</u>	<u>9.6</u>	<u>10.1</u>
<b>Total assets</b>		<u>222.3</u>	<u>277.2</u>	<u>222.5</u>	<u>277.1</u>
<b>Current liabilities</b>					
Trade and other payables	9	(5.6)	(7.4)	(5.8)	(7.2)
Borrowings	10	(148.0)	(148.0)	(148.0)	(148.0)
		<u>(153.6)</u>	<u>(155.4)</u>	<u>(153.8)</u>	<u>(155.2)</u>
<b>Total liabilities</b>		<u>(153.6)</u>	<u>(155.4)</u>	<u>(153.8)</u>	<u>(155.2)</u>
<b>Net assets</b>		<u>68.7</u>	<u>121.8</u>	<u>68.7</u>	<u>121.9</u>
<b>Partners' funds</b>					
Partners' capital account		111.8	111.8	111.8	111.8
Partners' current account		<u>(43.1)</u>	<u>10.0</u>	<u>(43.1)</u>	<u>10.1</u>
<b>Total partners' funds</b>		<u>68.7</u>	<u>121.8</u>	<u>68.7</u>	<u>121.9</u>

\*see note 1 for details of re-presented amounts.

A loss of £45.5 million is recorded in the financial statements of the Partnership in respect of the year (2018 loss of £28.9 million). No income statement or statement of comprehensive income is presented for the Partnership as permitted by Section 408 of the Companies Act 2006.

The notes on pages 14 to 34 form part of these consolidated financial statements.

The consolidated financial statements of The Chapelfield Partnership (registration number: LP007184) on pages 10 to 34 have been approved for issue by the General Partner, Chapelfield GP Limited, on 27 August 2020 and were signed on its behalf by



**Rebecca Gates**  
Director



**Kathryn Grant**  
Director



# THE CHAPELFIELD PARTNERSHIP

## STATEMENTS OF CHANGES IN PARTNERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2019

Group	Partners' capital account £m	Partners' current account £m	Total Partners' funds £m
At 1 January 2018	55.2	43.4	98.6
Loss for the year	-	(29.0)	(29.0)
Total comprehensive loss for the year	-	(29.0)	(29.0)
Dividends paid	-	(4.4)	(4.4)
Capitalisation of intercompany debt	56.6	-	56.6
<b>At 31 December 2018</b>	<b>111.8</b>	<b>10.0</b>	<b>121.8</b>
Loss for the year	-	(45.4)	(45.4)
Total comprehensive loss for the year	-	(45.4)	(45.4)
Dividends paid	-	(7.7)	(7.7)
<b>At 31 December 2019</b>	<b>111.8</b>	<b>(43.1)</b>	<b>68.7</b>
<b>Partnership</b>	<b>Partners' capital account £m</b>	<b>Partners' current account £m</b>	<b>Total Partners' funds £m</b>
At 1 January 2018	55.2	43.4	98.6
Loss for the year	-	(28.9)	(28.9)
Total comprehensive loss for the year	-	(28.9)	(28.9)
Dividends paid	-	(4.4)	(4.4)
Capitalisation of intercompany debt	56.6	-	56.6
<b>At 31 December 2018</b>	<b>111.8</b>	<b>10.1</b>	<b>121.9</b>
Loss for the year	-	(45.5)	(45.5)
Total comprehensive loss for the year	-	(45.5)	(45.5)
Dividends paid	-	(7.7)	(7.7)
<b>At 31 December 2019</b>	<b>111.8</b>	<b>(43.1)</b>	<b>68.7</b>

# THE CHAPELFIELD PARTNERSHIP

## STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

		Group 2019	Group 2018 re- presented*	Partnership 2019	Partnership 2018 re- presented*
	Note	£m	£m	£m	£m
<b>Cash generated from / (used in) operations</b>	12	13.7	(132.5)	13.7	(131.9)
Interest paid		<u>(4.9)</u>	<u>(3.8)</u>	<u>(4.9)</u>	<u>(4.4)</u>
<b>Cash flows generated from / (used in) operating activities</b>		<u>8.8</u>	<u>(136.3)</u>	<u>8.8</u>	<u>(136.3)</u>
Capital expenditure on investment property		<u>(0.2)</u>	<u>(0.8)</u>	<u>(0.2)</u>	<u>(0.8)</u>
<b>Cash flows used in investing activities</b>		<u>(0.2)</u>	<u>(0.8)</u>	<u>(0.2)</u>	<u>(0.8)</u>
Receipt of loan from partners		-	148.0	-	148.0
Distributions paid		<u>(7.7)</u>	<u>(4.4)</u>	<u>(7.7)</u>	<u>(4.4)</u>
<b>Cash flows (used in) / generated from financing activities</b>		<u>(7.7)</u>	<u>143.6</u>	<u>(7.7)</u>	<u>143.6</u>
Net change in cash and cash equivalents		0.9	6.5	0.9	6.5
Cash and cash equivalents at 1 January		<u>7.0</u>	<u>0.5</u>	<u>7.0</u>	<u>0.5</u>
<b>Cash and cash equivalents at 31 December</b>		<u>7.9</u>	<u>7.0</u>	<u>7.9</u>	<u>7.0</u>

\*see note 1 for details of re-presented amounts.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. Accounting convention, basis of preparation and accounting policies

The nature of the Group's and the Partnership's operations and its principal activities are set out in the strategic report on page 1.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Group and the Partnership operates.

These consolidated 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 in accordance with the Partnerships (Accounts) Regulations 2008.

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

The accounting policies used are consistent with those applied in the last financial statements, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the year.

This is the Group's first set of annual financial statements where IFRS 16 Leases has been applied. The standard requires lessees to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Revaluation of the right-of-use asset and finance costs on the lease liability will be recognised in the income statement. The standard does not affect the current accounting for rental income earned. The adoption of this standard has not had a material impact on the financial statements.

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's financial statements.

#### **Re-presentation of Information Group**

- balance sheet and profit and consolidated income statement

Amounts attributable to tenant lease incentives previously classified as trade and other receivables have been re-presented to investment property. As a result, investment property on the face of the balance sheet is now equal to the market value disclosed. Following the change in presentation, at 31 December 2018 investment property has increased by £0.5 million, non-current trade and other receivables have decreased by £0.4 million and current trade and other receivables have decreased by £0.1 million.

In addition to the re-presentation described above, an adjustment on consolidation made in 2018 to accelerate the amortisation of lease incentives and the unwinding of prepaid letting costs in the consolidated group balance sheet and income statement has been reversed as it was not applicable to the formation of the Group. As a result, trade and other receivables have increased by £0.5m. Revenue has decreased by £1.2m, losses on revaluation of investment property have decreased by £1.1m and administrative expenses have decreased by £0.6m, giving a net decrease of £0.5m in the loss transferred to the partners' account.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. Accounting convention, basis of preparation and accounting policies (continued)

#### - statement of cash flows

The conversion to partners' capital of a loan balance due to Chapelfield LP Limited during 2018 that was previously presented as a cash flow from financing operations on the face of the statement of cash flows has been reclassified as a non-cash movement within trade and other payables to better reflect its nature. As a result, cash used in operations and cash generated from financing activities have each decreased by £56.6m in both the Group and the Partnership statements of cash flows. This change has also been reflected in the reconciliations between the loss before tax and cash used in operations for both the Group and the Partnership (note 12).

#### Partnership

##### - balance sheet

Amounts attributable to tenant lease incentives previously classified as trade and other receivables have been re-presented to investment property. As a result, investment property on the face of the balance sheet is now equal to the market value disclosed. Following the change in presentation, at 31 December 2018 investment property has increased by £4.0 million, non-current trade and other receivables have decreased by £3.0 million and current trade and other receivables have decreased by £1.0 million.

#### Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgements and use 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 estimates.

##### – key sources of estimation uncertainty

Valuation of investment property – see investment property accounting policy in note 1 as well as note 7 for details on estimates and assumptions used in the valuation process.

##### – critical accounting judgements

Going concern – when preparing the financial statements, management is required to make an assessment of the entity'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 set out in the going concern, section below, there are events or conditions that indicate a material uncertainty exists in relation to going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors of the General Partner have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

#### Going Concern

##### –introduction

The Group's business activities are set out in the Principal Activities section of the strategic report on page 1. The activities of the Group and the Partnership are directed by Chapelfield GP Limited ('the General Partner'), which is jointly controlled by Greater Manchester Pension Fund and West Yorkshire Pension Fund (managed through their agent, LaSalle Investment Management), and intu properties plc - in administration (together, 'the Joint Controlling Parties').

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. Accounting convention, basis of preparation and accounting policies (continued)

#### Going Concern (continued)

The Partnership's funding is provisioned through capital contributions as well as Partner loans provided by Chapelfield LP Limited (a wholly owned, indirect subsidiary of intu properties plc – in administration) and TransPennine Partners (Scot) LP (together, 'the Limited Partners').

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, intu properties plc (the ultimate parent company of the intu group), along with certain intu group entities that provide asset and facilities management services to intu Chapelfield, entered administration.

To enable continued uninterrupted delivery of asset and facilities management services to intu Chapelfield from the date of intu properties plc's administration, the Partnership (together with Chapelfield Nominee Limited) has entered into a 6-month Transitional Services Arrangement (TSA) with Intu Retail Services Limited - in administration. As part of the TSA, the Partnership is required to pre-fund costs two months in advance to the service providers prior to delivery of services as well as settlement of existing arrears. Beyond the 6-month TSA, the Partnership will need to transition to an alternative third-party asset and facilities management service provider.

The most recent forecasts used to assess going concern are based on cash flows which are for a 6-month period from the date of intu properties plc's administration and therefore cover the TSA period described above. These cash flows have been extended through the going concern period; however, there is a material uncertainty (as discussed below) on the future strategic direction of the Partnership beyond the 6-month TSA period. The cash flows include assumptions in respect of net rental income, giving particular consideration to the impact of COVID-19 on future collections, as well as TSA costs, professional fees, and debt service costs.

#### –material uncertainty

Due to the factors described as follows, a material uncertainty exists which may cast significant doubt on the Partnership's ability to continue as a going concern.

The directors of the General Partner have considered the liquidity requirements of the Partnership and its ability to meet its obligations as they fall due throughout the going concern period.

Significant market uncertainty remains regarding the impact of Covid-19 on the operations of intu Chapelfield. The centre remained semi-closed from the end of March 2020 with essential stores the only ones permitted to trade. From 15 June 2020 non-essential stores began to trade and from 4 July 2020 catering outlets started to re-open. The opening of leisure facilities was permitted from 25 July 2020. Additionally, at this time, the speed of recovery as the UK comes out of lockdown remains unclear. In the event that lockdown measures were re-imposed, this could adversely affect future liquidity within the Partnership, including further negative impacts on rent and service charge collection.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. Accounting convention, basis of preparation and accounting policies (continued)

#### Going Concern (continued)

In the event that a liquidity shortfall was to occur in the Partnership, the directors of the General Partner have taken note of the liquidity position within Chapelfield LP Limited, the Partnership's Limited Partner and the entity through which the intu group holds a 50% interest in the Partnership. This includes the impact of potential financial covenant breaches of Chapelfield LP Limited's external borrowings, as well as the likelihood of Chapelfield LP Limited's ultimate parent company, intu properties plc, providing additional funding following its administration. The prospect of Chapelfield LP Limited funding a liquidity shortfall in the Partnership is outside the control of the directors of the General Partner.

During the 6-month TSA, the Partnership will need to transition to a third-party asset and facilities management service provider. At the date of these financial statements, the directors of the General Partner have identified a replacement asset and facilities management provider and are actively engaged in the transition to this new provider ahead of the 6-month TSA period end date.

Additionally, as a result of intu properties plc's administration there could be significant changes to the constitution of the boards of the General Partner and Chapelfield LP Limited during the going concern period. Whilst it should be noted that the existence, strategic direction and purpose of the Partnership can only be changed by the General Partner Board, if a restructured Board chose to make arrangements for the sale of the asset outside the structure, there may be no requirement for the Partnership to continue in operation.

If one or more of the events described in the material uncertainty above occur, this could result in the Partnership entering administration or liquidation. This could occur as soon as the end of the 6-month TSA period if the transition to a new asset and facilities management provider is unsuccessful. If the Partnership were to enter administration or liquidation, it is also possible that there may need to be a period of closure for intu Chapelfield while a replacement third-party asset and facilities management provider is put in place.

#### –Conclusion

The events or conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Partnership's ability to continue as a going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors of the General Partner have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

The auditor's report refers to this material uncertainty surrounding going concern.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. Accounting convention, basis of preparation and accounting policies (continued)

#### **Basis of consolidation**

The consolidated financial information includes the Partnership and its subsidiary.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

#### **– subsidiaries**

A subsidiary is an entity which the Partnership 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 Partnership and are de-consolidated from the date that control ceases.

Investments in subsidiaries are carried at cost less impairment.

#### **Revenue**

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.

#### **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.

#### **Taxation**

No provision for tax is made in these financial statements as a limited partnership is not a taxable entity. Partners are instead taxed on their share of the profits of a limited partnership, according to their own circumstances.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. Accounting convention, basis of preparation and accounting policies (continued)

#### **Investment property**

Investment property is owned 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 7.

The cost of investment 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 property are recognised in the income statement. Depreciation is not provided in respect of investment 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 derecognised.

#### **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 Group 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.

#### **Trade receivables**

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

When applying an 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, the credit status of the counterparty and historical evidence of collection.



# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. Accounting convention, basis of preparation and accounting policies (continued)

#### Leases

##### - As a 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 balance sheet at fair value, gross of the recognised lease liability. Contingent rents are recognised as they accrue.

Other right-of-use assets are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments and depreciated over the shorter of the lease term and the useful life of the asset.

Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate.

##### - As a 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.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits with banks.

#### Trade payables

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

#### Borrowings

Borrowings are recognised initially at their net proceeds on issue and subsequently carried at amortised cost. Any transaction costs are recognised over the contractual life using the effective interest method.

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

#### 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.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 2. Revenue

Revenue arose in the United Kingdom from continuing operations. The Partnership carries on only one class of business.

	Group 2019 £m	Group 2018 £m
Rent receivable	17.0	18.0
Service charge income	3.6	4.3
<b>Revenue</b>	<b>20.6</b>	<b>22.3</b>
Service charge costs	(4.5)	(4.7)
Other non-recoverable costs	(2.8)	(2.4)
<b>Net rental income</b>	<b>13.3</b>	<b>15.2</b>

### 3. Operating loss

The operating loss for the year ended 31 December 2019 of £40.5 million (2018 £24.6 million) includes auditor's remuneration of £28,274 (2018 £6,024) in respect of the financial statements of the Partnership and its subsidiary. No non-audit services were provided during the year.

The directors of the General Partner did not receive or waive any emoluments in respect of their services to the Group.

The Group had no employees during the year.

### 4. Operating leases

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

In the UK, the standard shopping centre lease is 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. Standard turnover based leases 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 is receivable by the Group and recognised as income in the period in which it arises.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 4. Operating leases (continued)

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

Group and Partnership	2019 £m	2018 £m
Not later than one year	9.0	14.0
Later than one year and not later than five years	13.6	23.9
Later than five years	<u>5.3</u>	<u>28.1</u>
	<u>27.9</u>	<u>66.0</u>

### 5. Finance costs

Group and Partnership	2019 £m	2018 £m
On amounts owed to partners	<u>4.9</u>	<u>4.4</u>
	<u>4.9</u>	<u>4.4</u>

### 6. Investment in subsidiary

Partnership	2019 £	2018 £
<b>Cost and net book value</b>		
At 1 January	1	-
Additions	<u>-</u>	<u>1</u>
At 1 December	<u>1</u>	<u>1</u>

Investment in subsidiary represents a 100 per cent interest in Intu Chapelfield Residential Limited. The company owns and manages residential property near to Intu Chapelfield, Norwich.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 7. Investment property

Group	2019 £m	2018 £m re-presented*
At 1 January	267.1	306.4
Additions	0.3	0.8
Deficit on revaluation	(53.5)	(39.6)
Movement in tenant incentives	(0.9)	(0.5)
At 31 December	<u>213.0</u>	<u>267.1</u>

\*see note 1 for details of re-presented amounts

Investment property represents intu Chapelfield, Norwich within the Partnership and residential property near intu Chapelfield within Intu Chapelfield Residential Limited.

Included within investment property are tenant incentive balances totalling £3.1 million (2018 £4.0 million).

Partnership	2019 £m	2018 £m re-presented*
At 1 January	267.0	306.3
Additions	0.3	0.8
Deficit on revaluation	(53.5)	(39.6)
Movement in tenant incentives	(0.9)	(0.5)
At 31 December	<u>212.9</u>	<u>267.0</u>

\*see note 1 for details of re-presented amounts

Included within investment property are tenant incentive balances totalling £3.1 million (2018 £4.0 million).

All investment properties measured at fair value in the consolidated balance sheet are categorised as Level 3 in the fair value hierarchy (see note 11 for definition) as one or more inputs to the valuation 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 properties during the year.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 7. Investment property (continued)

#### Valuation methodology

It is the Group's and Partnership's policy to engage an independent external valuer to determine the market value of its investment property at both 30 June and 31 December.

The Group and the Partnership provide information to the valuer, including current lease and tenant information 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 partners.

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 current 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. 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.

Annual property income as disclosed in the table below reflects current annualised gross income.

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, inputs and assumptions are reviewed by management as well as the members to ensure that they are in line with those of market participants.

A significant change in nominal equivalent yield of investment property in isolation would result in a significant change in the value of investment property. In practice an inward shift in the nominal equivalent yield would likely cause a resulting increase in valuation, and vice versa. The table below illustrates, for the Group and the Partnership, the change in the total value of investment property when applying a +/- 50 basis point sensitivity to nominal equivalent yield:

	Nominal equivalent yield	
	+50bp £m	-50bp £m
<b>Intu Chapelfield</b>		
At 31 December 2019	16.7	19.7
At 31 December 2018	21.3	27.5

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 7. Investment property (continued)

The table below provides details of the assumptions used in the valuation and key unobservable inputs for the most significant properties held by the Group and the Partnership:

Group	Market value £m	Net initial yield	Nominal equivalent yield	Annual property income £m
<b>intu Chapelfield</b>				
At 31 December 2019	212.9	5.9%	6.0%	15.2
At 31 December 2018	267.0	5.5%	5.8%	16.8
<b>Residential property near intu Chapelfield</b>				
At 31 December 2019	0.1	-	-	-
At 31 December 2018	0.1	-	-	-

Partnership	Market value £m	Net initial yield	Nominal equivalent yield	Annual property income £m
<b>intu Chapelfield</b>				
At 31 December 2019	212.9	5.9%	6.0%	15.2
At 31 December 2018	267.0	5.5%	5.8%	16.8

#### Valuation process

The fair value of the Partnership's investment property at 31 December 2019 was determined by Knight Frank, 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.

#### Capital commitments

At 31 December 2019, the Board had approved £0.8 million (2018 £nil) of future expenditure for the purchase, construction, development and enhancement of investment property. Of this, £0.6 million (2018 £nil) is contractually committed. The entire approved amount is expected to be spent in 2020.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 8. Trade and other receivables

	Group 2019	Group 2018 re- presented*	Partnership 2019	Partnership 2018 re- presented*
	£m	£m	£m	£m
<b>Current:</b>				
Trade receivables	0.3	1.9	0.3	1.9
Amounts owed by Group undertakings	-	-	0.2	0.2
Prepayments and accrued income	1.1	1.2	1.2	1.0
	<u>1.4</u>	<u>3.1</u>	<u>1.7</u>	<u>3.1</u>

\*see note 1 for details of re-presented amounts

Amounts owed by Group undertakings and related entities are unsecured, repayable on demand and non-interest bearing.

### 9. Trade and other payables

	Group 2019 £m	Group 2018 £m	Partnership 2019 £m	Partnership 2018 £m
<b>Current:</b>				
Rents received in advance	3.0	3.8	3.0	3.8
Trade payables	0.1	0.2	0.1	0.2
Amounts owed to related entities	0.2	0.2	0.5	0.5
Accruals and deferred income	1.5	2.2	1.4	1.9
Other payables	0.3	0.3	0.3	0.1
Other taxation and social security	0.5	0.7	0.5	0.7
	<u>5.6</u>	<u>7.4</u>	<u>5.8</u>	<u>7.2</u>

Amounts owed to related entities are unsecured, repayable on demand and, in certain cases as agreed with the counterparty, interest bearing.

### 10. Borrowings

	Group 2019 £m	Group 2018 £m	Partnership 2019 £m	Partnership 2018 £m
Loans from partners	<u>148.0</u>	<u>148.0</u>	<u>148.0</u>	<u>148.0</u>

Loans from partners are unsecured and redeemable upon withdrawal by each partner from The Chapelfield Partnership. Until 14 August 2019 the loans bore interest at a rate of 3.27 per cent and after this date at a rate of 3.42 per cent.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. Financial risk management

The Group and the Partnership are exposed to a variety of financial risks arising from their operations being principally liquidity risk and credit risk.

The majority of the Group's and the Partnership's financial risk management is carried out by intu properties plc's treasury department and the policies for managing each of these risks and their impact on the results for the year are summarised below. Further details of the intu properties plc group's financial risk management are disclosed in the intu properties plc group's publicly available financial statements.

#### Liquidity risk

Liquidity risk is managed to enable the Group and the Partnership to meet future payment obligations when financial liabilities fall due.

The intu properties plc group's treasury policy aims to meet this objective through maintaining adequate cash, marketable securities and committed facilities to meet these requirements. The Group's and the Partnership's policy is to seek to optimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk. In effect the Group and the Partnership seeks to borrow for as long as possible at the lowest acceptable cost.

The tables below set out the maturity analysis of the Group's and the Partnership's financial liabilities based on the undiscounted contractual obligations to make payments of interest and to repay principal. Where interest payment obligations are based on a floating rate, the rates used are those implied by the par yield curve.

Group					2019
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Other financial liabilities	(0.3)	-	-	-	(0.3)
Amounts owed to related parties	<u>(148.2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148.2)</u>
	<u>(148.5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148.5)</u>
Partnership					2019
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Other financial liabilities	(0.5)	-	-	-	(0.5)
Amounts owed to related parties	<u>(148.5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148.5)</u>
	<u>(149.0)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149.0)</u>



# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. Financial risk management (continued)

Group					2018
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Other financial liabilities	(0.5)	-	-	-	(0.5)
Amounts owed to related parties	(148.2)	-	-	-	(148.2)
	<u>(148.7)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148.7)</u>

Partnership					2018
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	Total £m
Other financial liabilities	(0.3)	-	-	-	(0.3)
Amounts owed to related parties	(148.5)	-	-	-	(148.5)
	<u>(148.8)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148.8)</u>

#### 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 and the Partnership's holdings of assets with counterparties such as cash deposits and loans.

Credit risk associated with trade receivables is actively managed; tenants are managed individually by asset managers, who continuously monitor and work with tenants, anticipating and, wherever possible, identifying and addressing 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. The amount of deposits held as collateral at 31 December 2019 is £0.1 million (2018 £0.1 million). It is Group and Partnership policy to calculate any impairment specifically on each contract.

When applying an 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, the credit status of the counterparty and historical evidence of collection.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. Financial risk management (continued)

The ageing analysis of these trade receivables is as follows:

	Group 2019 £m	Group 2018 £m	Partnership 2019 £m	Partnership 2018 £m
Up to three months	0.3	1.6	0.3	1.6
Three to six months	-	0.3	-	0.3
Trade receivables	<u>0.3</u>	<u>1.9</u>	<u>0.3</u>	<u>1.9</u>

At 31 December 2019 trade receivables are shown net of allowances for expected credit losses totalling £0.1 million (2018 £nil).

The credit risk relating to cash and deposits is actively managed by the General Partner. Relationships are maintained with a number of tier one institutional counterparties, ensuring compliance with intu properties plc group policy relating to limits on the credit ratings of counterparties (between BBB+ and AAA). Excessive credit risk is avoided through adhering to authorised limits for all counterparties.

#### Classification of financial assets and liabilities

The table below sets out the Group's and the Partnership's accounting classification for each class of financial assets and liabilities, and their fair values.

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

	Carrying value £m	Fair value £m
<b>Group 2019</b>		
Trade and other receivables	0.3	0.3
Cash and cash equivalents	<u>7.9</u>	<u>7.9</u>
<b>Total financial assets – amortised cost</b>	<u>8.2</u>	<u>8.2</u>
Trade and other payables	(0.5)	(0.5)
Borrowings	<u>(148.0)</u>	<u>(148.0)</u>
<b>Total financial liabilities – amortised cost</b>	<u>(148.5)</u>	<u>(148.5)</u>

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. Financial risk management (continued)

	Carrying value £m	Fair value £m
<b>Partnership 2019</b>		
Trade and other receivables	0.5	0.5
Cash and cash equivalents	<u>7.9</u>	<u>7.9</u>
<b>Total financial assets – amortised cost</b>	<u>8.9</u>	<u>8.9</u>
Trade and other payables	(1.0)	(1.0)
Borrowings	<u>(148.0)</u>	<u>(148.0)</u>
<b>Total financial liabilities – amortised cost</b>	<u>(149.0)</u>	<u>(149.0)</u>
	Carrying value £m	Fair value £m
<b>Group 2018</b>		
Trade and other receivables	1.9	1.9
Cash and cash equivalents	<u>7.0</u>	<u>7.0</u>
<b>Total financial assets – amortised cost</b>	<u>8.9</u>	<u>8.9</u>
Trade and other payables	(0.7)	(0.7)
Borrowings	<u>(148.0)</u>	<u>(148.0)</u>
<b>Total financial liabilities – amortised cost</b>	<u>(148.7)</u>	<u>(148.7)</u>
	Carrying value £m	Fair value £m
<b>Partnership 2018</b>		
Trade and other receivables	2.1	2.1
Cash and cash equivalents	<u>7.0</u>	<u>7.0</u>
<b>Total financial assets – amortised cost</b>	<u>9.1</u>	<u>9.1</u>
Trade and other payables	(0.8)	(0.8)
Borrowings	<u>(148.0)</u>	<u>(148.0)</u>
<b>Total financial liabilities – amortised cost</b>	<u>(148.8)</u>	<u>(148.8)</u>

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. Financial risk management (continued)

There were no gains or losses arising on financial assets or liabilities recognised directly to equity.

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.

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 for the above financial assets and liabilities during the year.

### 12. Cash generated from / (used in) operations

	Group 2019	Group 2018 re- presented*	Partnership 2019	Partnership 2018 re- presented*
	£m	£m	£m	£m
Loss transferred to partners' current account	(45.4)	(29.0)	(45.5)	(28.9)
Adjustments for:				
Revaluation of investment property	53.5	39.6	53.5	39.6
Lease incentives and letting costs	0.9	0.6	0.9	0.6
Finance costs	4.9	4.4	4.9	4.4
Change in trade and other receivables	1.6	2.5	1.4	2.4
Change in trade and other payables	(1.8)	(150.6)	(1.5)	(150.0)
<b>Cash generated from / (used in) operations</b>	<b>13.7</b>	<b>(132.5)</b>	<b>13.7</b>	<b>(131.9)</b>

\*see note 1 for details of re-presented amounts.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 13. Related party transactions

#### Group

There were no significant transactions between the Partnership and its subsidiary, which is a related party, during the current and previous year. Balances between the Partnership and its subsidiary have been eliminated on consolidation of the Group.

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

		2019 £m	2018 £m
	Nature of transaction		
Intu Retail Services Limited <sup>1</sup>	Facilities management	3.3	3.2
Chapelfield LP Limited <sup>1</sup>	Interest payable	2.4	2.2
TransPennine Partners (Scot) LP <sup>2</sup>	Interest payable	2.4	2.2
Chapelfield LP Limited <sup>1</sup>	Receipt of partner loan	-	74.0
TransPennine Partners (Scot) LP	Receipt of partner loan	-	74.0
		<u>2019</u>	<u>2018</u>
		£	£
Chapelfield GP Limited <sup>1</sup>	Partnership fees	<u>10</u>	<u>9</u>

Significant balances outstanding between the Group and related parties are shown below:

	Amounts owed by 2019 £m	Amounts owed by 2018 £m	Amounts owed to 2019 £m	Amounts owed to 2018 £m
Liberty International Group				
Treasury Limited <sup>1</sup>	-	-	0.2	0.2
Chapelfield LP Limited	-	-	74.3	74.3
TransPennine Partners (Scot) LP	-	-	<u>74.3</u>	<u>74.3</u>

#### Partnership

During the year the Partnership entered into the following transactions with other related parties:

		2019 £m	2018 £m
	Nature of transaction		
Intu Retail Services Limited <sup>1</sup>	Facilities management	3.3	3.2
Chapelfield LP Limited <sup>1</sup>	Interest payable	2.4	2.2
TransPennine Partners (Scot) LP	Interest payable	2.4	2.2
Chapelfield LP Limited <sup>1</sup>	Receipt of partner loan	-	74.0
TransPennine Partners (Scot) LP	Receipt of partner loan	-	74.0

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 13. Related party transactions (continued)

	Nature of transaction	2019 £	2018 £
Chapelfield GP Limited	Partnership fees	10	9
Intu Shopping Centres plc <sup>1</sup>	Acquisition of Intu Chapelfield Residential Limited	-	1

Balances outstanding between the Partnership and its subsidiaries are shown below:

	2019 £m	2018 £m
Amounts owed by subsidiary undertaking	0.2	0.2

Significant balances outstanding between the Partnership and related entities are shown below:

	Amounts owed by 2019 £m	Amounts owed by 2018 £m	Amounts owed to 2019 £m	Amounts owed to 2018 £m
Liberty International Group				
Treasury Limited	-	-	0.2	0.2
Chapelfield LP Limited	-	-	74.3	74.3
Transpennine Partners (Scot)				
LP	-	-	74.3	74.3

<sup>1</sup> The entity's registered office is 40 Broadway, London, SW1H 0BT.

<sup>2</sup> The entity's registered office is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

# THE CHAPELFIELD PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 14. Ultimate controlling parties

Until 31 January 2018 the ultimate parent company was intu properties plc<sup>1</sup>. After 31 January 2018 the Partnership has no ultimate parent company and is jointly controlled by intu properties plc – in administration, and Greater Manchester Pension Fund and West Yorkshire Pension Fund (managed through their agent, LaSalle Investment Management).

Until 31 January 2018 the immediate parent company of the General Partner was Intu (SGS) Limited<sup>1</sup>. After 31 January 2018 the General Partner has no immediate parent company and is jointly owned by Intu Chapelfield Limited<sup>1</sup> and Transpennine Partners (Scot) LP<sup>2</sup>.

<sup>1</sup> Company incorporated and registered in England and Wales. Copies of financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT.

<sup>2</sup> Limited Partnership registered in Scotland. Copies of financial statements may be obtained from the Company Secretary, 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

### 15. Events after the reporting date

In Q1 2020, the existence of a global virus outbreak known as Covid-19 was confirmed. Non-essential retail at intu Chapelfield closed between 24 March and 15 June 2020 in order to comply with measures put in place by the UK Government to limit virus transmissions. From 15 June 2020 non-essential stores began to trade and from 4 July 2020 catering outlets started to re-open, with the opening of leisure facilities permitted from 25 July 2020.

Rents received from customers at intu Chapelfield for the quarter beginning 25 March 2020 were significantly reduced, with collections as at 10 August 2020 totalling 38 per cent. Management are in discussions with customers on the outstanding rents but at this time it is unclear whether these rents will be fully recovered at a later date. Rents received from customers for the quarter beginning 25 June 2020 were 13 per cent as at 10 August 2020.

The directors of the General Partner continue to monitor the collection of rents and ongoing reviews of cash projections are conducted.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, intu properties plc (the ultimate parent company of the intu group), along with certain intu group entities that provide asset and facilities management services to intu Chapelfield, entered administration.

To enable continued uninterrupted delivery of asset and facilities management services to intu Chapelfield from the date of intu properties plc's administration, the Partnership has entered into a 6-month Transitional Services Arrangement (TSA) with Intu Retail Services Limited (in administration). As part of the TSA, the Partnership is required to pre-fund costs two months in advance to the service providers prior to delivery of services as well as settlement of existing arrears.

The latest independent property valuation for intu Chapelfield as at 30 June 2020 shows a decrease of 23 per cent in market value against the December 2019 position.