TRAFFORD CENTRE GROUP (UK) LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY REGISTRATION NO. 05148403

TRAFFORD CENTRE GROUP (UK) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

TRAFFORD CENTRE GROUP (UK) LIMITED
COMPANY INFORMATION

Directors
During the period and up to the date of signing of the financial statements, the Directors who held the office were as follows:

Aidan de Brunner (Appointed 6 August 2020)
Jenefer Greenwood (Appointed 7 October 2021)
Fraser Pearce (Appointed 24 July 2020)
Geoffrey Souter (Appointed 7 October 2021)
Robert Allen (Appointed 15 April 2020 and resigned 28 July 2020)
Martin Breeden (Appointed 2 June 2020 and resigned 30 October 2020)
Sean Crosby (Appointed 16 August 2019 and resigned 15 April 2020)
Hugh Ford (Appointed 15 April 2020 and resigned 28 July 2020)
Minakshi Kidia (Appointed 16 August 2019 and resigned 15 April 2020)
Matthew Roberts (Resigned 1 July 2020)

Secretary
Crestbridge UK Limited
8 Sackville Street
London
W1S 3DG

Independent Auditor
Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Solicitors
Wedlake Bell
71 Queen Victoria Street
London
EC4V 4AY

Registered Office
8 Sackville Street
London
W1S 3DG

Registration number
05148403

TRAFFORD CENTRE GROUP (UK) LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of Trafford Centre Group (UK) Limited (the "Company") present their Strategic Report on the Company for the year ended 31 December 2020.

Review of business

The Trafford Group of companies (the "Group") comprises the Company and four subsidiary companies, which include the The Trafford Centre Limited (the "Borrower") owner of the Trafford Centre shopping mall in Manchester, England and The Trafford Centre Finance Limited (the "Issuer") which provides financing to the Borrower.

On 26 June 2020 the then ultimate parent company of the Company, intu Properties PLC ("intu"), entered administration. On the same date the Borrower agreed a 5 month Transition Services Agreement (the "TSA") with the administrators of certain subsidiaries of intu to facilitate the transition of relevant services away from intu's corporate group. On the 24 July 2020 the Company agreed a short-term refinancing with the Canadian Pension Plan Investment Board ("CPPIB"), the sole secured lender to the Company. Shortly following this refinancing, two new directors were appointed and who remain in office on the date of this Strategic Report. One of the conditions of the refinancing with CPPIB was that the directors explore ownership and liquidity options for the Group. A sale process was run in this regard between August and December 2020 which resulted in no bids capable of acceptance to the satisfaction of CPPIB. Consequently, CPPIB enforced its security on 16th December 2020. In the latter part of 2020 the directors also put in place contractual arrangements such that by the end of the TSA period, new outsourced providers were in place covering all key asset management, property management, corporate services financial management required by the Group.

In light of the Covid-19 pandemic, the legislative response to it and the change in asset management through the course of the year under review, a range of actions were taken with regards to tenants. These included, inter alia, frequent assessments of sectoral performance, tenant trading, credit quality and level of arrears. To the extent that there were contractual lease variations, they were made on a tenant-by-tenant basis and primarily based on an assessment of tenant hardship. Furthermore, ongoing structural challenges in the retail sector, the administration of intu and the Covid-19 pandemic resulted in a write down of the Borrower's investment property which combined to push the Group to a loss in 2020.

The Directors consider certain key financial performance indicators ("KPIs") to monitor the performance in respect of the Group. The key KPIs include occupancy levels, centre footfall, net operating income levels, commercialisation income and all are reviewed on a periodic basis.

KPI table	**2020**	**2019**
Occupancy levels	95.2%	98.0%
Centre footfall	16.7m	28.9m
Net rental income	£72.3m	£87.6m

Despite the uncertainty caused by Covid-19 and the effective closure of large parts of the Trafford Centre in 2020 and 2021, management has observed an increasing positive momentum on KPIs. It is important to highlight, however, that this remains an uncertain environment and the Group will continue to closely monitor the situation. The Trafford Centre remains a prime regional shopping centre and its underlying tenant base includes a strong mix of some of the most attractive covenants within the UK retail and food & beverage sectors.

The results for the period are set out in the Consolidated Statement of Comprehensive Income on page 11. The Directors do not recommend the payment of a dividend in respect of the period ended 31 December 2020.

Principal risks and uncertainties

The Group operates predominantly in the retail property market and this sector continues to experience significant structural change. These structural changes, including the shift from store to online sales, are well-known although it would appear that the recent Covid-19 pandemic has exacerbated some of these trends. Certain of our tenants have gone through company voluntary arrangements or administrations as a result of these pressures and this affects their ability to honour obligations towards the Borrower. The macro-economic backdrop in the UK is also currently somewhat uncertain, with increases in energy costs and supply chain difficulties having a material impact on business models across sectors. We have no reason to believe that our tenants will be immune from these pressures, this notwithstanding by end of 2021 the centre was seeing similar levels of footfall as in 2019 pre pandemic.

The Directors together with the Borrower's asset managers regularly review these risks and take appropriate action where necessary to mitigate the impact on the Group.

Financing risks such as reduced availability of funds could limit liquidity, leading to restriction of investing and operating activities. The Company refinanced its loan with CPPIB such that the Group has access to ongoing funding. This was a positive development for the Issuer as its ability to service its debt is wholly predicated on the Borrower's ability to service the loan notes between them. For more detailed commentary, refer to going concern section in Note 3b.

Future developments

The Directors anticipate the business environment will remain uncertain and volatile as the world emerges from the Covid-19 pandemic. The Directors believe that the company is now in a solid financial position and that the risks that have been identified are being well managed. With careful focus on appropriate strategies and appropriate Asset Manager expertise, as well as continuing review of KPIs, the Directors are confident in the Group's ability to maintain and build on this position.

TRAFFORD CENTRE GROUP (UK) LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Financial instruments

The Group has a normal level of exposure to price, credit, liquidity and cash flow risks arising from its trading activities, all of which are carried out in sterling. The Group does not enter into any formally designated currency hedging transactions. There is some exposure to interest rate risk through the use of borrowings with variable rates, but these are well managed and the Directors consider the level of risk to be acceptable. The Financial risk management principles are considered in detailed in Note 5 to the accounts.

Section 172 compliance statement

The Directors of the Company understand their duties as directors, in particular those contained in section 172 of the UK Companies Act 2006. Section 172 of the UK Companies Act 2006 requires each director to "act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business; relationships with suppliers, customers and others
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company."

Each Director can access professional advice on duties and responsibilities, either from the Company Secretary or an external legal advisor.

The Directors are acutely aware of the range of stakeholders involved with the Group, the most significant non-shareholder stakeholders being providers of debt finance, employees of those service providers which ensure the ongoing operation of The Trafford Centre, employees of tenants at The Trafford Centre and the general public, as visitors to The Trafford Centre. The Covid-19 pandemic and the financial position of the Company following the failure of its former ultimate parent company has brought into sharp focus the absolute need for the Group to address long term issues in a manner which is supportive and respectful of the positions of all stakeholders and the community which is served by The Trafford Centre.

The following paragraphs summarise how the Directors fulfil their duties:

Risk Management

As we grow, our business and our risk environment also become more complex. We therefore work to effectively identify, evaluate, manage and mitigate the risks we face and that we continue to evolve our approach to risk management.

Our People

The Group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and with society as a whole. People are at the heart of our specialist services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We identify and celebrate the common values which we share and use these to inform and guide our behaviour so we achieve our goals in the right way.

Business Relationships

We want to grow our business with our occupiers, cross selling and up-selling services to existing clients and bringing in new occupiers and service providers in an ever-changing retail market. To do this, we need to develop and maintain strong client relationships. We value all of our suppliers and have multi-year contracts with our key suppliers. Thanks to the hard work of our colleagues, working from home and from our offices, we were able to maintain our high level of service for our clients during the global pandemic.

Community and Environment

The Group's approach is to use the visibility of our position to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.

Approved by the Board of Directors on 21 February 2022

DocuSigned by:
Aidan de Brunner
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Mr A de Brunner
Director
Date: 21 February 2022

TRAFFORD CENTRE GROUP (UK) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of Trafford Centre Group UK Limited ("the Company") present their annual report and the audited consolidated Financial Statements (the "Consolidated Financial Statements") and its subsidiaries ("The Group") for the period ended 31 December 2020.

Incorporation

The Company was incorporated on 8 June 2004 and registered in England and Wales (company registration number 05148403). The Company's registered office is 8 Sackville Street, London W1S 3DG.

The Company is a private company, limited by shares.

Principal activities

The principal activity of the Group is that of property management and rental of The Trafford Centre in Manchester.

Results and dividends

The results for the period are set out in the Consolidated Statement of Comprehensive Income on page 11. The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2020 (2019: £nil).

Directors

Details of the Directors are disclosed in Company Information.

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 (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

The Directors have complied with the above requirements throughout the period and subsequently.

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.

Going concern

The Financial Statements have been prepared on a going concern basis. The Directors have reviewed forecasts for the Group that show that the Group will have sufficient liquidity to meet its financial obligations for a period of at least 12 months from the date of these Financial Statements. This assessment is based on a mezzanine finance facility the Company has with its shareholder and lender, CPPIB, that provides for further support as necessary for the Group to continue as a going concern. The Company's mezzanine facility with CPPIB was £290m as at 31 December 2020; this was subsequently amended and extended to £330m on 31 August 2021 and incorporates an accordion feature whereby further funding beyond the facility amount can be made available with the approval of the lender. No performance covenants exist for these CPPIB secured debt facilities. which are due to mature on 31 December 2022. The Directors currently expect extended and revised facilities to be negotiated during the first half of the financial year ending 31st December 2022 and have no reason to believe that these will not be agreed.

A Group consolidated liquidity forecast has been prepared for a period of more than 12 months from the date of approval of these Financial Statements ("Base Case"). The Base Case forecast indicates that sufficient funds and income are expected to be generated within the Group, in addition to available liquidity from the Company's shareholder and lender, CPPIB, to enable the Group to meet its liabilities as they fall due. As part of their review the Directors have also considered the implications of Brexit and the current Covid-19 pandemic on the going concern assumption. Brexit is not deemed to significantly impact the operations and liquidity of the Group. Nevertheless, the Directors continue to monitor the situation and remain vigilant to any future risks. The economic impact on the Borrower of the Covid-19 pandemic, including the recent outbreak of variant strains, continues to be subject to some level of uncertainty. A significant number of the Borrower's tenants and operating partners have been impacted by the pandemic during 2020 and 2021 and the Borrower has forecast cash collection rates based on this recent experience. With the business having continued to operate, at least partially, throughout the Covid-19 pandemic, the Directors take assurance that the Borrower's operations have appropriately adapted to the challenges presented to date and have concluded that there were no additional material matters that needed to be disclosed as a result of Covid-19.

Going concern (continued)

In assessing the going concern considerations a sensitivity analysis has also been produced. The sensitivity analysis has been applied to the Base Case forecasts to assess a range of potential impacts. In the analysis, key business driver assumptions of the Borrower were modelled with varying degrees of impact and duration. The sensitised scenario shows a liquidity need over and above the Base Case but which can be offset by certain mitigating actions, such as reassessment of capital expenditure programmes. This notwithstanding, the sensitised case indicates that additional drawdowns may be required under the accordion feature mentioned above, the availability of which is not certain as it is subject to approval.

Material Uncertainty

The conditions described above indicate that material uncertainties exist that may cast significant doubt on the Group and the Company's ability to continue as a going concern and that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Having carefully considered these uncertainties, the Directors have formed the judgement that continuing support will be available to the Company with additional funding from CPPIB and are confident that a refinancing of the facility will take place, and that it is therefore appropriate to prepare the Financial Statements on the going concern basis.

Subsequent events

The Company had secured debt facilities in place with CPPIB of £290m as at 31st December 2020. The terms of that facility included various standstill agreements which terminated in January 2021. Subsequent to the year end, the Company entered into revised arrangements for extended secured debt facilities on substantially the same terms as previously for an amount up to £330m plus accrued interest with access to further liquidity, should this be required, via an accordion facility subject to approval from CPPIB. These revised facilities are due to mature on 31st December 2022 and the Directors currently expect to negotiate extended and revised facilities during the first half of the financial year ending 31st December 2022. There are no performance covenants in operation for these secured debt facilities.

On 24th December 2021 the noteholders approved a consent solicitation to amend the terms of certain of its loan notes as part of a transition from LIBOR to SONIA for the financial year 2022 onwards.

Further details can be obtained at: https://www.londonstockexchange.com/news-article/BC84/notice-of-consent-solicitation/15233795

Disclosure of information to independent auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors 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.

Independent auditor

Deloitte LLP, Statutory Auditor, were the independent auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put forward at the Annual General Meeting. Deloitte LLP have expressed their willingness to continue in office as auditors.

Secretary

The former company secretaries resigned as Secretary on 10 November 2020 and Crestbridge UK Limited was appointed as the Secretary of the Company.

Qualifying third party indemnity provisions

The Company made no qualifying third party indemnity provisions for the benefit of the Directors during the year ended 31 December 2020 (2019: £nil).

Political contributions

The Group made no political donation during the year ended 31 December 2020.

Approved by the Board of Directors on 21 February 2022

DocuSigned by:
Aidan de Brunner
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Mr A de Brunner
Director
Date: 21 February 2022

Independent auditor's report to the members of Trafford Centre Group (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Trafford Centre Group (UK) Limited (the 'Parent') and its subsidiaries (the 'Group'):
- give a true and fair view of the state of the Group's and of the Parent's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the consolidated and Parent statements of comprehensive income;
- the consolidated and Parent statements of financial position;
- the consolidated and Parent statements of changes in equity;
- the consolidated and Parent statements of cash flows; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

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 related to going concern

We draw attention to Note 3b 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 Trafford Group of companies (the "Group") comprises The Trafford Centre Group (UK) Limited (the "Parent") and its four subsidiary companies, which includes the company. The Directors have reviewed forecasts for the Group that show that the company will have sufficient liquidity to meet its financial obligations for a period of at least 12 months from the date of these Financial Statements. The Going Concern assessment is based on an amended and extended mezzanine finance facility with the shareholder that provides for the further support as necessary for the Company to continue as a going concern. The forecasts are based on an extended mezzanine finance facility of £330m signed on 31 August 2021, as set out in Note 23. The forecast was subject to sensitised scenario which shows a liquidity need over and above the available funds, including the currently agreed facilities from the mezzanine facility. The Parent has access to accordion arrangements within the mezzanine finance facility should additional liquidity be required. However, any drawings on this facility require additional approvals and so the Directors do not have certainty that additional funding will be made available. As stated in Note 3b, these events or conditions, along with the other matters as set forth in Note 3b, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

TRAFFORD CENTRE GROUP (UK) LIMITED
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- Valuation of investment property

We identified the greatest potential for fraud to be in management's incentive to manipulate the assumptions and data used by the external valuer in their estimation of the fair value of the investment property. We engaged internal property valuation specialists to benchmark the key yield assumptions to industry used in the valuation. Furthermore, we tested the completeness and accuracy of the data provided to the external valuers by agreeing a sample of the information provided to the external valuers to underlying lease agreements.

- Revenue from rental income was directly affected by lease modifications and concessions and there involves significant judgement as to the completeness of the modifications and concessions used in the calculation of revenue. We tested, on a sample basis, the approved lease incentives per tenancy schedule against the listing approved by the directors.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, the directors and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

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.

DocuSigned by:
Philip Doherty
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Philip Doherty FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 21 February 2022

TRAFFORD CENTRE GROUP (UK) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £m	2019 £m
Revenue			
Rental income		82.7	92.7
Service charge income		13.1	15.3
Total revenue		95.8	108.0
Cost of Sales			
Service charge costs		(14.7)	(16.2)
Non-recoverable costs	8	(8.8)	(4.2)
Net rental income		72.3	87.6
Expenses			
Expected credit losses on trade receivables	11	(13.0)	-
Unrealised loss on fair value of investment property	10	(617.2)	(450.9)
Expected credit gains on amounts owed by previous group undertakings	11	13.9	-
Operating expenses	8	(13.2)	(0.1)
Total expenses		(629.5)	(451.0)
Operating loss		(557.2)	(363.4)
Finance costs - net	6	(81.3)	(57.4)
Loss before income tax		(638.5)	(420.8)
Income tax expense	9	(0.3)	-
Total comprehensive loss for the year		**(638.8)**	**(420.8)**

All items dealt with in arriving at the loss for the year attributable to equity holder of the Group relate to continuing operations.

TRAFFORD CENTRE GROUP (UK) LIMITED
COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £m	2019 £m
Expenses			
Expected credit gains/(losses) on amounts owed by previous group undertakings	11	8.2	(509.6)
Operating expenses	8	(3.7)	-
Operating profit/(loss)		4.5	(509.6)
Finance costs - net	6	(17.0)	(0.7)
Impairment of investment in subsidiary	24	(246.4)	-
Loss before income tax		(258.9)	(510.3)
Income tax expense	9	-	-
Total comprehensive loss for the year		**(258.9)**	**(510.3)**

All items dealt with in arriving at the loss for the year attributable to equity holder of the Company relate to continuing operations.

TRAFFORD CENTRE GROUP (UK) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 £m	2019 £m
ASSETS			
Non-current assets			
Investment property	10	965.0	1,582.0
		965.0	1,582.0
Current assets			
Trade and other receivables	11	41.2	13.5
Cash and cash equivalents	12	26.0	39.0
		67.2	52.5
Total assets		1,032.2	1,634.5
LIABILITIES			
Non-current liabilities			
Borrowings	14	(941.3)	(919.1)
Long-term derivatives financial instruments	14	(126.4)	(106.3)
Loan arrangement fee	14	9.4	10.8
Deferred tax liability	9	(0.3)	-
		(1,058.6)	(1,014.6)
Current liabilities			
Borrowings	14	(30.2)	(27.9)
Short-term derivatives financial instruments	14	(1.8)	(1.5)
Trade and other payables	13	(44.2)	(54.3)
		(76.2)	(83.7)
Total liabilities		(1,134.8)	(1,098.3)
Net (liabilities)/assets		**(102.6)**	**536.2**
EQUITY			
Shareholder's equity			
Called up share capital	16	221.2	221.2
Capital contributions		0.4	0.4
Retained (deficit)/earnings		(324.2)	314.6
Total equity		**(102.6)**	**536.2**

These Financial Statements were approved and authorised for issue by the Board of Directors on 21 February 2022 and were signed on its behalf by:

DocuSigned by:
Aidan de Brunner
153FBBE9424941C...

Mr A de Brunner
Director
Date: 21 February 2022
Company Registration Number: 05148403

TRAFFORD CENTRE GROUP (UK) LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 £m	2019 £m
ASSETS			
Non-current assets			
Investment in subsidiaries	24	165.7	412.1
		165.7	412.1
Current assets			
Trade and other receivables	11	35.5	0.1
Cash and cash equivalents	12	1.1	0.2
		36.6	0.3
Total assets		202.3	412.4
LIABILITIES			
Non-current liabilities			
Borrowings	14	(301.8)	(248.2)
		(301.8)	(248.2)
Current liabilities			
Borrowings	14	(0.1)	(0.1)
Trade and other payables	13	(443.3)	(448.1)
Total liabilities		(745.2)	(696.4)
Net assets/(liabilities)		**(542.9)**	**(284.0)**
EQUITY			
Shareholder's equity			
Called up share capital	16	221.2	221.2
Capital contributions		0.4	0.4
Retained earnings/(deficit)		(764.5)	(505.6)
Total equity		**(542.9)**	**(284.0)**

These Financial Statements were approved and authorised for issue by the Board of Directors on 21 February 2022 and were signed on its behalf by:

DocuSigned by:
Aidan de Brunner
153FBBE9424941C...

Mr A de Brunner
Director
Date: 21 February 2022
Company Registration Number: 05148403

TRAFFORD CENTRE GROUP (UK) LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

Consolidated

	Called up share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance as at 1 January 2019	221.2	0.4	735.4	957.0
Total comprehensive loss for the year	-	-	(420.8)	(420.8)
Balance as at 31 December 2019	221.2	0.4	314.6	536.2

	Called up share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance as at 1 January 2020	221.2	0.4	314.6	536.2
Total comprehensive loss for the year	-	-	(638.8)	(638.8)
Balance as at 31 December 2020	221.2	0.4	(324.2)	(102.6)

Company

	Called up share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance as at 1 January 2019	221.2	0.4	4.7	226.3
Total comprehensive loss for the year	-	-	(510.3)	(510.3)
Balance as at 31 December 2019	**221.2**	**0.4**	**(505.6)**	**(284.0)**

	Called up share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance as at 1 January 2020	221.2	0.4	(505.6)	(284.0)
Total comprehensive loss for the year	-	-	(258.9)	(258.9)
Balance as at 31 December 2020	**221.2**	**0.4**	**(764.5)**	**(542.9)**

TRAFFORD CENTRE GROUP (UK) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £m	2019 £m
Cash flows from operating activities			
Cash generated from operations	17	20.3	77.7
Net cash generated from operating activities		20.3	77.7
Cash flows from financing activities			
Repayments of borrowings		(28.7)	(46.5)
Finance costs paid - net		(50.5)	(56.8)
Net cash used in financing activities		(79.2)	(103.3)
Cash flows from investing activities			
Development of property		(3.2)	(1.4)
Related party transfer receipts		13.6	20.0
Issue of borrowings		35.5	-
Net cash used in investing activities		45.9	18.6
Net decrease in cash and cash equivalents		**(13.0)**	**(6.9)**
Cash and cash equivalents at the beginning of the period		39.0	45.9
Cash and cash equivalent at the end of the period		**26.0**	**39.0**

TRAFFORD CENTRE GROUP (UK) LIMITED
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £m	2019 £m
Cash flows from operating activities			
Cash generated from operations	17	(6.5)	(7.5)
Net cash generated from operating activities		(6.5)	(7.5)
Cash flows from financing activities			
Finance costs paid - net		(6.2)	(12.5)
Net cash used in financing activities		(6.2)	(12.5)
Cash flows from investing activities			
Related party transfer receipts		13.6	20.0
Net cash used in investing activities		13.6	20.0
Net increase in cash and cash equivalents		**0.9**	-
Cash and cash equivalents at the beginning of the period		0.2	0.2
Cash and cash equivalent at the end of the period		1.1	0.2

1. General information

Trafford Centre Group (UK) Limited (the 'Company') is a limited liability company whose principal place of business is at 8 Sackville Street, London, United Kingdom, W1S 3DG and was incorporated on 8 June 2004 and domiciled in the United Kingdom. These financial statements consolidate those of the Company and its subsidiaries, which together are referred to as the "Group". The principal activity of the Group is that of property management and rental of The Trafford Centre in Manchester. These audited Consolidated Financial Statements have been approved for issue by the Board of Directors on 21 February 2022.

2. Statement of compliance

The Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS Standards) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Financial Statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated.

(a) Basis of preparation

The Financial Statements are also prepared on a going concern basis, under the historical cost convention, as modified by the measurement of investment property recognised or stated at fair value.

Critical accounting estimates and judgements

The preparation of the Financial Statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumption and estimates are significant to the Financial Statements are disclosed in Note 4.

(b) Going concern

The Financial Statements have been prepared on a going concern basis. The Directors have reviewed forecasts for the Group that show that the Group will have sufficient liquidity to meet its financial obligations for a period of at least 12 months from the date of these Financial Statements. This assessment is based on a mezzanine finance facility the Company has with its shareholder and lender, CPPIB, that provides for further support as necessary for the Group to continue as a going concern. The Company's mezzanine facility with CPPIB was £290m as at 31 December 2020; this was subsequently amended and extended to £330m on 31 August 2021 and incorporates an accordion feature whereby further funding beyond the facility amount can be made available with the approval of the lender. No performance covenants exist for these CPPIB secured debt facilities. which are due to mature on 31 December 2022. The Directors currently expect extended and revised facilities to be negotiated during the first half of the financial year ending 31 December 2022 and have no reason to believe that these will not be agreed.

A Group consolidated liquidity forecast has been prepared for a period of more than 12 months from the date of approval of these Financial Statements ("Base Case"). The Base Case forecast indicates that sufficient funds and income are expected to be generated within the Group, in addition to available liquidity from the Company's shareholder and lender, CPPIB, to enable the Group to meet its liabilities as they fall due. As part of their review the Directors have also considered the implications of Brexit and the current Covid-19 pandemic on the going concern assumption. Brexit is not deemed to significantly impact the operations and liquidity of the Group. Nevertheless, the Directors continue to monitor the situation and remain vigilant to any future risks. The economic impact on the Borrower of the Covid-19 pandemic, including the recent outbreak of variant strains, continues to be subject to some level of uncertainty. A significant number of the Borrower's tenants and operating partners have been impacted by the pandemic during 2020 and 2021 and the Borrower has forecast cash collection rates based on this recent experience. With the business having continued to operate, at least partially, throughout the Covid-19 pandemic, the Directors take assurance that the Borrower's operations have appropriately adapted to the challenges presented to date and have concluded that there were no additional material matters that needed to be disclosed as a result of Covid-19.

In assessing the going concern considerations a sensitivity analysis has also been produced. The sensitivity analysis has been applied to the Base Case forecasts to assess a range of potential impacts. In the analysis, key business driver assumptions of the Borrower were modelled with varying degrees of impact and duration. The sensitised scenario shows a liquidity need over and above the Base Case but which can be offset by certain mitigating actions, such as reassessment of capital expenditure programmes. This notwithstanding, the sensitised case indicates that additional drawdowns may be required under the accordion feature mentioned above, the availability of which is not certain as it is subject to approval.

Material Uncertainty

The conditions described above indicate that material uncertainties exist that may cast significant doubt on the Group and the Company's ability to continue as a going concern and that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Having carefully considered these uncertainties, the Directors have formed the judgement that continuing support will be available to the Company with additional funding from CPPIB and are confident that a refinancing of the facility will take place, and that it is therefore appropriate to prepare the Financial Statements on the going concern basis.

3. Summary of significant accounting policies (continued)

(c) New accounting Standards and interpretations

(i) New standards and interpretations adopted by the Company

There are no new standards, amendments to standards or interpretations that are effective for periods beginning after 1 January 2020 that have a material effect on the Financial Statements of the Company.

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been applied in preparing these Financial Statements. The Directors have assessed the impact of these and have concluded that none of these are expected to have a significant effect on the Financial Statements of the Company except the following set out below:

	Effective date
• Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
• Reference to the Conceptual Framework – Amendments to IFRS	1 January 2022
• Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	1 January 2022
• Annual Improvements to IFRS Standards 2018-2020	1 January 2022
• IFRS 17 Insurance Contracts	1 January 2023
• Transition from LIBOR to SONIA	1 January 2022

(d) Principle of consolidation

The consolidated financial statements comprise the financial statements of the Company and the following subsidiaries. This is the first time at which the Group has been consolidated at this level and therefore this is the first time the prior year was consolidated and is unaudited.

Entity name	Country of incorporation	Holding 2020	Holding 2019
		%	%
The Trafford Centre Investments Limited	United Kingdom	100	100
The Trafford Centre Holdings Limited	United Kingdom	100	100
The Trafford Centre Finance Limited	Cayman Islands	100	100
The Trafford Centre Limited	United Kingdom	100	100

The registered office of all of the subsidiaries located in the United Kingdom is 8 Sackville Street, London, W1S 3DG with the exception of The Trafford Centre Finance Limited, whose registered office is 9 Forum Lane, Camana Bay, Cayman Islands.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The Financial Statements are presented in Pound Sterling ("£"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(f) Acquisition of subsidiaries

Control

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Inter-entity transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, except where there are indications of impairment. All Group subsidiaries have a reporting period ending on 31 December.

Accounting for asset acquisition

For acquisition of a subsidiary not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

3. Summary of significant accounting policies (continued)

(g) Disposal of subsidiary

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(h) Investment property

Investment property is initially recognised at cost, being the fair value of the consideration given, including transaction costs associated with the acquisition of the investment property.

After initial recognition, Investment property is measured at fair value, with movements in the unrealised gains and losses recognised in the Statement of Comprehensive Income. Fair value is based upon the market valuations of the properties as provided by the Directors at the balance sheet date, and is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

The Directors review the valuation performed by independent professional valuers and approve the valuations for financial reporting purposes.

(i) Property, plant and equipment

Property and equipment is stated at cost less accumulated depreciation and net of impairment losses, if any. Depreciation is charged to the Statement of Comprehensive Income on a straight line basis over the estimated useful lives of each part of an item of equipment. Plant and equipment is also tested for impairment whenever there is an indication of potential impairment.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(j) Inventories

Inventories are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Financial instruments

(i) Classification

The Group classifies its financial assets and financial liabilities in the following measurement categories:
• those to be measured subsequently at fair value; and
• those to be measured at amortised cost.

Financial assets	**Classification / Measurement**
Trade and other receivables	Amortised cost
Cash and cash equivalents	Amortised cost
Financial liabilities	
Trade and other payables	Amortised cost
Borrowings	Amortised cost
Shareholder loan	Amortised cost
Derivatives	FVPL

The classification depends on the Group's business model for managing the financial instruments and the contractual terms of the cash flows.

3. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments. The rent receivable from lessees, prepayments and other receivables are included in this category.

Trade and other payables are non-derivative financial liabilities with fixed or determinable payments and statutory amounts payable.

(iii) Subsequent measurement of financial assets

Subsequent measurement of trade and other receivables depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Statement of Comprehensive Income.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(iv) Subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortised cost.

(v) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(vi) Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(l) Revenue recognition

Revenue is recognised as follows:

(i) Rental income

Rental income receivable is recognised on a straight-line basis over the term of the lease. Directly attributable lease incentives (e.g. 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 increase 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 estimated. 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 and facilities management income are recorded as income over time in the year in which services are rendered and the performance obligations are satisfied.

(ii) Interest income and expense

Interest income and expense are recognised within finance income and finance costs in profit or loss using the effective interest rate method.

3. Summary of significant accounting policies (continued)

(m) Current and deferred income tax

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

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in OCI or in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Prior to 26 June 2020, the Company was a subsidiary of a REIT and was not liable to corporation tax. This status changed after this date and the Company ceased to be subject to REIT regulations and is now chargeable to corporation tax.

(n) Expenses

All expenses are accounted for on an accruals basis. Property operating expenses are expensed as incurred and any property operating expenditure not recovered by tenants through service charge is charged through the Statement of Comprehensive Income and other comprehensive income as incurred.

(o) Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

(p) Share capital

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

(q) Borrowings

Borrowings are initially recognised

(r) Derivatives

The Company uses derivative financial instruments to manage exposure to interest rate risk. They are initially recognised on the trade date at fair value and subsequently re-measured at fair value. In assessing fair value the Company uses its judgement to select suitable valuation techniques and make assumptions which are mainly based on market conditions existing at the balance sheet date. The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date. These values are tested for reasonableness based upon broker or counterparty quotes.

Amounts paid under interest rate swaps on obligations as they fall due are recognised in the Statement of Comprehensive Income as finance costs. Fair value movements on revaluation of derivative financial instruments are shown in the Statement of Comprehensive Income through changes in fair value of derivative financial instruments. The Company does not currently apply hedge accounting to its interest rate swaps. The fair values of derivative financial instruments are determined from observable market prices or estimated using appropriate yield curves at 31 December each year by discounting the future contractual cash flows to the net present values.

The fair values of derivative financial instruments are determined from observable market prices or estimated using appropriate yield curves at 31 December each year by discounting the future contractual cash flows to the net present values.

s) Investments in subsidiaries

Investments in subsidiaries are held on the Statement of Financial Position at cost less any provision for impairment.

4. Critical accounting estimates and judgements

The preparation of the Group's Financial Statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Although these estimates are based on the Directors' best knowledge of the events and amounts involved, actual results ultimately may differ from these estimates.

Critical accounting estimates

(a) Fair valuation of investment property

The market value of investment property is determined to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. The Investment property has been valued on an individual basis at year end. The valuation experts use recognised valuation techniques and the principles of IFRS 13.

The critical assumptions of the valuation have been disclosed in Note 10.

(b) Trade receivables

Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost less loss allowance for the 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. See Note 11.

Critical accounting judgements

The Directors have made no critical judgements in the preparation of these Financial Statements.

5. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group has identified the following significant risk factors: market risk, operational risk, financial risk, liquidity risk, credit risk and regulatory and compliance risk.

The Group's risk management policies employed to manage these risks are discussed below.

(a) Market risk

The Group's performance is influenced by economic conditions in the markets in which it operates. The following may significantly impact the Group's earnings and financial position: (i) slowdown in the economy and in the retail and hospitality / leisure sectors where our tenants operate; (ii) a deterioration in business and consumer confidence, employment trends and (iii) drop in consumer spending. Any of these factors may affect the Group's ability to grow its occupancy and income levels and the commercial arrangements and terms of business with its key commercial customers and tenants. The Group continuously monitors financial and economic drivers to anticipate possible significant impacts to the business. Appropriate measures and changes to the business plan are taken to ensure any possible negative impacts are minimised.

The Group's exposure to market risk is comprised of the following risks:

(i) Foreign exchange risk

As at the year end, the Group is not exposed to material foreign exchange risk, as the majority of the Group's transactions are in Pound Sterling which is the Group's functional and presentation currency. It is also the Group's policy not to enter into any currency hedging transactions.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from Group borrowings (Note 14). Borrowings are issued at fixed and floating rates and therefore floating notes do expose the Group to cash flow interest rate risk.

(iii) Price risk

The Group is exposed to price risk in respect of financial instruments such as property price and property rental risks.

5. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty to the Group will be unable to meet its obligations and thereby causes a loss to the Group, mainly attributable to trade accounts receivables for rent and service charges. Tenant credit risk is managed by the Groups asset manager and is subject to the Group's established policy, procedures and controls relating to tenant credit risk management with significant board level oversight and involvement. Credit quality of tenants and key commercial contract counter parties is assessed continually.

Exposure to credit risk

The carrying value of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

	2020 Group £m	2019 Group £m	2020 Company £m	2019 Company £m
Trade and other receivables	34.7	7.7	34.8	-
Cash and cash equivalents	26.0	39.0	1.1	0.2
	60.7	46.7	35.9	0.2

The financial assets are, neither past due nor impaired. Certain prepayments and other receivables in Note 11 are excluded from the credit risk exposure due to the inherent nature of these items which comprise of non-financial assets and statutory obligations.

The only financial assets and liabilities of the Group recognised at fair value are the derivative financial instruments. These are all held at fair value through profit or loss and are categorised as level 2 in the fair value hierarchy as explained below.

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 out of the fair value hierarchy levels are recognised on the date of the event or change in circumstance that caused the transfer. There were no transfers in or out for the above financial assets and liabilities during the year.

Valuation techniques for level 2 hierarchy financial assets and liabilities are presented in the accounting policies.

(c) Liquidity risk

The table below sets out the maturity analysis of the Group'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. The Group has commercial mortgage-backed securities loans ("CMBS").

	Within 1 year £m	2-5 years £m	Over 5 years £m	Total £m
As at 31 December 2020				
CMBS loans	(31.0)	(198.6)	(439.6)	(669.2)
Interest on loan with CMBS*	(38.9)	(129.0)	(162.8)	(330.7)
CPPIB loans	-	(298.8)	-	(298.8)
Interest on CPPIB loans	-	(82.7)	-	(82.7)
	(69.9)	(709.1)	(602.4)	(1,381.4)
As at 31 December 2019				
CMBS loans	(28.7)	(202.5)	(466.6)	(697.8)
Interest on loan with CMBS*	(41.0)	(140.9)	(189.9)	(371.8)
CPPIB loans	-	(248.3)	-	(248.3)
Interest on CPPIB loans	(12.6)	(27.6)	-	(40.2)
	(82.3)	(619.3)	(656.5)	(1,358.1)

* *Interest on borrowings reflect the net economic interest payable after the impact of fixing the floating rate with the interest rate swaps.*

5. Financial risk management (continued)

(d) Interest rate risk

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

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

The Group's interest rate risk arises from borrowings issued at variable rates that expose the Group to cash flow interest rate risk through loans owed to group undertakings, whereas borrowings issued by group undertakings at fixed interest rates expose the Group to fair value interest rate risk.

It is the Group's policy, and often a requirement of the Group's lenders, to eliminate substantially all exposure to interest rate fluctuations by using floating to fixed interest rate swaps (referred to as allocated swaps) in order to establish certainty over cash flows. Such allocated swaps have the economic effect of converting borrowings from floating to fixed rates. As a consequence, the Company, through loans owed to group undertakings, is exposed to market price risk in respect of the fair value of its fixed rate interest rate swaps.

The below table shows the effects of interest rate swaps on the amounts owed to group undertakings by the Company:

	Fixed 2020 £m	Floating 2020 £m	Fixed 2019 £m	Floating 2019 £m
Borrowings for the Group	730.4	237.6	708.6	237.6
Interest rate swap impact	237.6	(237.6)	237.6	(237.6)
Net borrowings profile	968.0	-	946.2	-
Interest rate protection on floating debt		100%		100%

The weighted average rate of interest rates contracted through interest rate swaps is 4.4% (2019: 4.4%).

(i) Interest rate swaps sensitivity analysis

The impact on the total fair value of derivatives and the inverse change in fair value of financial instruments of a 50 basis point increase in the level of interest rates would be a credit to the income statement and increase in equity of £20.0m (2019: £20.6m). The approximate impact of a 50 basis point reduction in the level of interest rates would be a debit to the income statement and decrease in equity of £21.5m (2019: £20.6m). In practice, a parallel shift in the yield curve is highly unlikely. However, the above sensitivity analysis is a reasonable illustration of the possible effect from the changes in slope and shifts in the yield curve that may occur. Due to offsetting loans and derivative contracts with The Trafford Centre Limited the impact of interest rate movements on the Group is minimal as the cash flows from the assets and liabilities will be symmetrical.

Sensitivity analysis of Interest rate swap FV		**Nominal equivalent interest rate**	
	+50bp	**0bp**	**-50bp**
	£m	**£m**	**£m**
At 31 December 2020	108.1	128.2	149.7

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 2 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to derivative financial instrument held at the end of the reporting period.

(e) Non-financial instruments risk

(i) Competition from other operators

The Group's operations face competition from other shopping centre and town centre operators in the local NW England geographic markets in which they operate, as well as online retail operators, both of which may adversely affect the Group's performance. Increased competition could lead to an increased tenant churn and a decrease in existing tenancy growth rates as well as negatively affect the commercial terms the Group can command for its space and services. The Group continuously monitors trends and competitor behaviour. Steps are taken to ensure tenants and commercial partners are retained and service offerings maintain a competitive edge.

5. Financial risk management (continued)

(f) Operational risks

(i) Future investments in maintaining, upgrading infrastructure

The Group's success is dependent on its ability to continue its necessary investments in the key property and other infrastructure which support tenant and commercial activity as well as systems which support the key operating aspects of the business and management information. The Group has made investments in its infrastructure during the year and it has key partner relationships including financial, property and asset management for this purpose. The Group is expected to continue with those investments going forward.

(ii) Relationship with suppliers

The Group depends on a limited number of key suppliers and vendors to provide equipment and key services to develop and upgrade its facilities and infrastructure. The integrity and continuity of these relationships are critical to the Group's operations and therefore a significant risk to its business. The Group's key suppliers provide services to the Group on terms that are favourable but they may withdraw or discontinue support for such services. The Group may experience problems such as the availability of new services, higher than anticipated costs negotiated on contracts and potential difficulties with other suppliers. Any failure in relation to key suppliers may have a material adverse effect on the Group's financial and operational performance and so the Group maintains a regular contact to mitigate this risk.

(iii) Risk related to fraud

The Group has recognized there is a threat from internal and external fraud. The Group continues to monitor and strengthen its internal control system to mitigate its risk from fraud.

(iv) Data protection and privacy laws

As a data controller and processor of customer information the Group recognizes the importance of adhering to data privacy laws. Failure to comply with data protection and privacy obligations may result in financial penalties, regulatory oversight, significant brand damage, legal action (class action or breach of contract) and shareholder divestment. The Group's key suppliers meet all GDPR requirements and have dedicated Data Protection Officers to monitor compliance.

6. Finance costs - net	**2020 Group £m**	**2019 Group £m**	**2020 Company £m**	**2019 Company £m**
Finance income				
Change in FV of derivative financial instruments	(20.1)	(11.9)	-	-
Interest received	6.3	12.9	6.0	12.5
	(13.8)	1.0	6.0	12.5
Finance costs				
Other interest payable	(67.5)	(58.4)	(23.0)	(13.2)
Total net finance costs	**(81.3)**	**(57.4)**	**(17.0)**	**(0.7)**

7. Audit fees

The auditor's renumeration of £19,000 (2019: £1,900) was in respect of the audit of the Company's Financial Statements. No non audit fees were earned by the auditor's in the current or previous year. The auditor's renumeration of £107,000 (2019: £24,000) was in respect of the Group audit of the Financial Statements.

8. Operating expenses

	2020 Group £m	2019 Group £m	2020 Company £m	2019 Company £m
Non-recoverable costs	8.8	4.2	-	-
	8.8	4.2	-	-
Administration expenses	2.3	-	1.4	-
TSA and related costs	7.8	-	-	-
Professional fees	3.0	0.1	2.2	-
Insurance	0.1	-	0.1	-
	13.2	0.1	3.7	-

TSA and related costs include the expenses of the intu Administration apportioned to the Group during the TSA period. They predominantly relate to managing the migration of key services, the wind-down of the remaining central functions and retention costs of key personnel in the period.

Previously the Group's property, asset management, accounting and treasury services were undertaken outside of the Group by intu and certain of its subsidiaries. During the TSA period and subsequently, the Group now bears the cost of such services directly, which can be seen in the resultant increase in these expenses.

9. Income tax expense

The corporation tax is calculated at a rate of 19% (2019: 19%) of taxable profit for the period.

	2020 Group £m	2019 Group £m	2020 Company £m	2019 Company £m
UK corporation tax				
Current tax	-	-	-	-
Prior year tax adjustment	-	-	-	-
Deferred tax	0.3	-	-	
Tax charge	0.3	-	-	-

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

	2020 Group £m	2019 Group £m	2020 Company £m	2019 Company £m
Loss before income tax	**(638.5)**	**(420.7)**	**(258.9)**	**(510.3)**
Tax calculated at 19% (2019: 19%)	**(121.3)**	**(79.9)**	**(49.2)**	**(97.0)**
Exempt property rental profits and revaluations in the year	-	79.6	-	-
Transfer pricing adjustment	(1.2)	0.3	-	0.3
Exempt REIT loss	0.3	-	-	-
Non-deductible expenditure	-	-	47.2	96.8
Non-taxable income	(2.4)	-	(1.7)	-
Brought forward losses surrendered	-	-	0.1	-
Fair value movements	31.4	-	-	-
Group relief claimed	-	-	0.3	(0.1)
Deferred tax not recognised	95.8	-	3.3	-
Remeasurement to opening deferred tax rate	(2.3)	-	-	-
	0.3	-	-	-

Deferred tax

At the reporting date, the Company has utilised UK tax losses of £nil (2019: £nil) leaving available losses carried forward of £17.3m (2019: £0.2m) that are available for offset against future taxable profits. No deferred tax asset is recognised in respect of these losses due to uncertainty over the level of taxable profits against which these losses can be used in future periods. The deferred tax liability £0.3m (2019: £nil) recognised is in relation to corporate interest restrictions.

At the reporting date, the Group has unused tax losses of £3.1m (2019: £1.5m) available for offset against future profits. A deferred tax asset has been recognised in respect of £nil (2019: £nil) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of £399.1m (2019: £8.8m), which relate to the fall in value of the investment property valuation and the fair value of the swaps. There are currently no restrictions on the remaining unrealised losses which may be carried forward indefinitely.

9. Income tax expense (continued)

Future tax rates

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and from 19% to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015. A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. On the 11 March 2020 an announcement was made to set the corporation tax main rate at 19% for the financial year beginning 1 April 2020. This maintains the rate at 19% rather than reducing it to 17% from 1 April 2020. In the 3 March 2021 budget, it was announced that the UK tax rate would increase to 25% from 1 April 2023.

10. Investment property

	2020 Group £m	2019 Group £m
Opening balance	1,582.0	2,033.0
Additions	3.2	1.4
Capitalised letting costs	(0.2)	2.4
Unrealised loss on fair value adjustment of investment property	(617.2)	(453.3)
Movement in tenant incentives	(2.8)	(1.5)
	965.0	1,582.0

In accordance with IAS 40, the carrying value of the investment property is its fair value.

The valuation has been ascertained by the Directors with reference to an external valuation carried out by CBRE at 31 December 2020, in accordance with the Appraisal & Valuation Standards of the Royal Institution of Chartered Surveyors ("RICS"), on the basis of market value.

The valuation of property assets uses market evidence and also includes assumptions regarding income expectations and yields that investors would expect to achieve on those assets over time. Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of property against other classes, could lead to reappraisal of the assumptions used to arrive at current valuations. In adverse conditions, this reappraisal can lead to a reduction in property values and a loss in net asset value.

The valuations have been prepared on the basis of market value which is defined in the RICS Valuation Standards, as: "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably, prudently and without compulsion".

At 31 December 2020, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. This asset is currently being held as security for CMBS debt and associated derivatives, see Note 14.

The following table provides the fair value measurement hierarchy for investment property:

As at 31 December 2020	**Significant unobservable inputs (Level 3) £m**	**Total £m**
Assets		
Investment property	965.0	965.0
Total assets	965.0	965.0

As at 31 December 2019	**Significant unobservable inputs (Level 3) £m**	**Total £m**
Assets		
Investment property	1,582.0	1,582.0
Total assets	1,582.0	1,582.0

The unobservable inputs to the valuation are the rental income and yields for similar properties.

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 (-50bp) in the nominal equivalent yield would likely cause a resulting increase in valuation, and vice versa. The table below illustrates the change in the total value of investment property when applying a +/- 50 basis point sensitivity to nominal equivalent yield.

10. Investment property (continued)

A significant change in estimated rental value (ERV) of investment property in isolation would result in a significant change in the value of investment property. In practice an upward shift (+10%) in the ERV would likely cause a resulting increase in valuation, and vice versa. The table below illustrates the change in the total value of investment property when applying a +/- 10% sensitivity to ERV.

The Trafford Centre	**Nominal equivalent yield**	
	+50bp	**-50bp**
	£m	**£m**
At 31 December 2020	70.9	70.9
At 31 December 2019	195.0	243.0

The Trafford Centre	**Estimated rental value**	
	10%	**-10%**
	£m	**£m**
At 31 December 2020	78.0	63.8

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

The table below provides details of the assumptions used in the valuation and key unobservable inputs.

Trafford Centre	**Market** *value* **£m**	**Net initial** *yield*	**Nominal** *equivalent yield*	**Estimated rental** *value* **£m**
At 31 December 2020	965.0	6.2%	6.5%	70.9
At 31 December 2019	1,582.0	5.2%	5.3%	93.4

Investment property represents Trafford Centre and adjacent land.

11. Trade and other receivables

	2020 Group £m	**2019 Group £m**	**2020 Company £m**	**2019 Company £m**
Trade receivables	23.5	3.7	-	-
Accrued Income	8.0	2.1	-	-
Prepayments	6.5	5.8	0.7	0.1
Net investment in finance lease < 1 year	0.4	0.4	-	-
Amounts owed by related parties	-	-	34.0	-
Other receivables	2.8	1.5	0.8	-
	41.2	13.5	35.5	0.1

In prior year a provision of £509.6m was made on intercompany loan debtor due from Liberty International Group Treasury Limited ("LIGT"). In the current year £8.2m was received from LIGT and therefore an over-provision had been made. LIGT went into administration on 10 July 2020 and the remaining debtor balance was written off. LIGT was not part of the Group. Within the Group there was a further £5.7m write off of related party balances therefore totalling £13.9m for the Group.

Expected Credit Loss (ECL) Policy

The Group considers loss relative to the general economic conditions in the UK and the specific circumstances surrounding its tenants.

The Group measures ECL against its trade receivables and accrued income by considering some individual tenants on a line by line basis, and others using a estimation technique based on a range of criteria. Where time to pay arrangements are made, the Group considers the financing component on the timing of the payments in its ECL assessment.

11. Trade and other receivables (continued)

Once a contractual obligation, (lease or similar rights to occupy or such other commercial contract) has been agreed, the Group considers the following:

A. possible default events within the next 12 months;
B. possible impairment to the receivable as a result of a regear or relet.

The Group's estimated exposure to credit risk and subsequent ECL by class of financial asset is shown below:

Provisions		**Gross carrying amount - trade receivables and accrued income**	**Expected loss rate**	**Impairment provision**
		£m	**%**	**£m**
Specific Provisions				
	Category 1a	4.5	0%	-
	Category 1b	14.3	28%	4.0
	Category 1c	6.1	32%	1.9
	Category 1d	6.8	52%	3.5
Additional Provisions				
	Category 2a	8.6	32%	2.7
	Category 2b	4.2	22%	0.9
Total		**44.5**		**13.0**

Specific Provisions:

There are four categories:

1a) Balances for which 0% provision is required when reviewed as per A above.

1b) Balances for which a specific provision is required as per A above: the portfolio of receivables was reviewed tenant by tenant and those balances beyond greater than £0.2m considered at risk were analysed individually. This analysis included, inter alia; a review of the ageing of the receivable, a review of financial information for the debtor where available and a review of recent discussions with the tenant. This provision also includes the write off of £1.0m of unrecoverable amounts for a large number of small debtors with a gross amount of £6.0m.

1c) Balances for which the receivable has been, or is expected to be, written off post year end under B as above.

1d) Balances for which the tenant has gone into administration or CVAs at which point 100% of the remaining outstanding balances have been provided.

Additional Provisions:

There are two categories and they follow from the Specific Provisions above:

2a) A review of all the remaining balances for which the asset manager believes that there is a possible impairment under B above. For these balances, the average write-off under 1(c) above is applied.

2b) To these remaining balances, a 50% provision was applied to remaining outstanding balances as at the date of the accounts.

	Current	**<30 Days**	**61-90 Days**	**91-120 Days**	**>120 Days**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Expected credit loss rate	1%	0%	66%	13%	75%	29%
Estimated total gross carrying amount at default	17.5	0.8	2.2	10.6	13.4	44.5
Lifetime ECL	(0.2)	-	(1.5)	(1.3)	(10.0)	(13.0)
Net carrying amount of trade debtors and accrued income	17.3	0.8	0.7	9.3	3.4	31.5

12. Cash and cash equivalents

	2020 Group	**2019 Group**	**2020 Company**	**2019 Company**
	£m	**£m**	**£m**	**£m**
Cash at bank	26.0	39.0	1.1	0.2
	26.0	**39.0**	**1.1**	**0.2**

13. Trade and other payables

	2020 Group £m	2019 Group £m	2020 Company £m	2019 Company £m
Trade payables	7.2	1.2	2.5	-
VAT liability	11.1	4.8	-	-
Accruals	3.5	19.7	-	1.4
Deferred income	17.2	21.7	-	-
Interest payable	5.1	6.5	-	-
Tenant deposits	0.1	-	-	-
Amounts due to related parties	-	-	440.8	446.7
Other payables	-	0.4	-	-
	44.2	**54.3**	**443.3**	**448.1**

14. Borrowings

	2020 Group £m	2019 Group £m	2020 Company £m	2019 Company £m
Current				
Borrowings - Element due in one year	30.1	27.8	-	-
VRGU Loan Notes 2014	0.1	0.1	0.1	0.1
Short-term derivatives financial instruments	1.8	1.5	-	-
	32.0	**29.4**	**0.1**	**0.1**
Non current				
Borrowings - Element due after one year	941.3	919.1	302.2	250.0
Unamortised fees	(9.4)	(10.8)	(0.4)	(1.8)
Long-term derivatives financial instruments	126.4	106.3	-	-
	1,058.3	**1,014.6**	**301.8**	**248.2**

On 30 September 2014 the Variable Rate Guaranteed Unsecured ("VRGU") Loan Notes 2014 as guaranteed by the Royal Bank of Scotland plc reached final maturity. At 31 December 2020, expired Loan Notes amounting to £109,000 have not yet been redeemed, and are redeemable on demand of the holder. The terms of the Loan Notes allow for a 12 year expiry period from the final maturity date to such amounts due, after which any unclaimed balances will revert to the Company. No further interest is payable after the final maturity date.

On 24 July 2017 the Company entered into a £250.0m 5 year loan facility. Repayment was due on 24 July 2022 and interest was payable at 5%. During the year the terms were renegotiated so that until 24 July 2020 interest was payable at 5% and after this date at 11%. Repayment period has been extended and is due on 31 December 2022. On 24 July 2020 the Company entered into a further £40.0m facility B loan from the same lender. Repayment due on 31 December 2022 and interest payable at 19.5%. The lender has security over the shares in the Company and the assets of the Company including the shares in The Trafford Centre Investments Limited.

15. Derivative financial instruments

The financial instruments are classified in level 2 of the fair value measurement hierarchy and carrying value approximates the fair value. Derivative financial instruments relate to interest rate swaps which are classified as fair value through profit or loss:

Interest rate swap valuation	2020 £m	2019 £m
Opening fair value 1 January	107.8	95.9
Movement in revaluation in interest rate swap	20.1	11.9
Accrued swap interest	0.3	0.0
Fair value of interest rate swap at 31 December	**128.2**	**107.8**

Contractual maturity disclosure gives the undiscounted expected future net cash flows of the swap as shown in the table below:

	2020 £m	2019 £m
Repayable within one year	11.4	9.5
Repayable in more than one year but not more than five years	50.1	52.0
Repayable in more than five years	70.1	79.6
	131.6	**141.1**

Swaps	**Maturity**	**Strike**	**Notional £m**	**2020 FV £m**	**2019 FV £m**
3 month GBP - LIBOR - BBA	2035	4.66%	92.2	64.0	54.5
3 month GBP - LIBOR - BBA	2035	4.20%	100.5	53.6	44.5
3 month GBP - LIBOR - BBA	2035	4.34%	66.2	10.6	8.7
			258.9	**128.2**	**107.7**

The Group have entered into various financial liabilities which are presently referenced to London Interbank Offered Rate ("LIBOR") which ends on 31 December 2021. These include the groups commercial mortgage backed securities ("CMBS"), liquidity facilities with Lloyds, derivative interest rate SWAPS with NatWest and Mezzanine credit facilities with CPPIB. Specialist financial advisors were appointed to advise the group and a transition plan was negotiated with its lenders during Q4 2021 and approve by the Noteholders on 24 December 2021 to complete the arrangements for a transition to Sterling Overnight Index Average ("SONIA") from 1 January 2022. An assessment has been undertaken as to the likely economic equivalence of the transition and it is envisaged the transition will lead to no material changes to finance costs for the group.

TRAFFORD CENTRE GROUP (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

16. Called up Share Capital

	2020 Group £m	2019 Group £m	2020 Company £m	2019 Company £m
Ordinary Shares				
Issued, called up and fully paid				
884,803,496 ordinary shares of 25p each	221.2	221.2	221.2	221.2
Total issued capital	**221.2**	**221.2**	**221.2**	**221.2**

17. Reconciliation of loss before tax to cash generated

	2020 Group £m	2019 Group £m	2020 Company £m	2019 Company £m
Loss before tax	(638.5)	(423.3)	(258.9)	(510.3)
Less:				
Revaluation of property	617.2	450.9	-	-
Impairment of investment	-	-	246.4	-
Net finance cost	60.7	45.5	17.0	0.7
Change in fair value of derivatives	20.1	11.9	-	-
Amortisation of other direct costs	3.4	1.9	-	-
Change in working capital:				
Movement in trade and other receivables	(14.4)	(11.5)	5.0	508.4
Movement in trade and other payables	(28.2)	2.3	(16.0)	(6.3)
Cash generated from operations	**20.3**	**77.7**	**(6.5)**	**(7.5)**

18. Employees and Directors

The Group and the Company have no employees.

In the year there were 2 Directors who received remuneration. The Directors received £0.1m of remuneration during the year from the Company (2019: £nil) and a combined total of £0.4m from the Group (2019: £nil).

	Headcount	Group Fixed £m	Group Variable £m	Company Fixed £m	Company Variable £m
Directors' remuneration	2	0.4	-	0.1	-

The highest paid Director received remuneration totalling £0.2m (2019: £nil) from the Group.

19. Related party disclosures

The Directors consider all of its subsidiaries and joint ventures to be related parties of the Company.

The following balances with related parties existed at the period end:

	As at 31 December 2020 Company £m	As at 31 December 2019 Company £m
Trafford Centre Holdings Limited	(0.2)	(0.2)
Trafford Centre Finance Limited	0.1	0.1
The Trafford Centre Limited	(406.6)	(446.5)
	(406.7)	**(446.6)**

A negative balance indicates an amount payable by the Company. A positive balance indicates an amount receivable by the Company.

All related party balances are unsecured and all transactions are carried out on an arms length basis.

20. Ultimate controlling party

The Company's ultimate parent undertaking and controlling party is Canada Plan Pension Investment Board (CPPIB) the registered address being CPPIB Credit Investments Inc, 1 Queen Street East, Suite 2500, Toronto ON, M5C 2W5, Canada.

For the Group the smallest set for which consolidated Financial Statements have been prepared are these consolidated Financial Statements. The largest set of consolidated Financial Statements will be those of CPPIB, these can be found at System for Electronic Document Analysis and Retrieval ("SEDAR").

TRAFFORD CENTRE GROUP (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

21. Net debt reconciliation

Company 2019	**At 1 Jan 2019**	**Cashflow**	**Other non-cash charges**	**At 31 Dec 2019**
	£m	**£m**	**£m**	**£m**
Cash	0.2	-	-	0.2
	0.2	-	-	0.2
Issue costs > 1 year	2.5		(0.7)	1.8
	2.5	-	(0.7)	1.8
Borrowings > 1 year	(250.0)	-	-	(250.0)
	(250.0)	-	-	(250.0)
	(247.3)	**-**	**(0.7)**	**(248.0)**

Company 2020	**At 1 Jan 2020**	**Cashflow**	**Other non-cash charges**	**At 31 Dec 2020**
	£m	**£m**	**£m**	**£m**
Cash	0.2	0.9	-	1.1
	0.2	0.9	-	1.1
Issue costs > 1 year	1.8	-	(1.4)	0.4
	1.8	-	(1.4)	0.4
Borrowings > 1 year	(250.0)	(35.5)	(16.9)	(302.4)
	(250.0)	(35.5)	(16.9)	(302.4)
	(248.0)	**(34.6)**	**(18.3)**	**(300.9)**

Group 2019	**At 1 Jan 2019**	**Cashflow**	**Other non-cash charges**	**At 31 Dec 2019**
	£m	**£m**	**£m**	**£m**
Cash	45.9	(6.9)	-	39.0
	45.9	(6.9)	-	39.0
Issue costs < 1 year	0.9	-	(0.1)	0.8
Issue costs > 1 year	12.3	-	(1.5)	10.8
	13.2	-	(1.6)	11.6
Borrowings < 1 year	(46.5)	46.5	(28.7)	(28.7)
Borrowings > 1 year	(947.8)	-	28.7	(919.1)
	(994.3)	46.5	-	(947.8)
	(935.2)	**39.6**	**(1.6)**	**(897.2)**

Group 2020	**At 1 Jan 2020**	**Cashflow**	**Other non-cash charges**	**At 31 Dec 2020**
	£m	**£m**	**£m**	**£m**
Cash	39.0	(13.0)	-	26.0
	39.0	(13.0)	-	26.0
Issue costs < 1 year	0.8	-	(0.1)	0.7
Issue costs > 1 year	10.8	-	(2.2)	8.6
	11.6	-	(2.3)	9.3
Borrowings < 1 year	(28.7)	28.7	(30.1)	(30.1)
Borrowings > 1 year	(919.1)	(35.5)	13.2	(941.4)
	(947.8)	(6.8)	(16.9)	(971.5)
	(897.3)	**(19.8)**	**(19.2)**	**(936.2)**

21. Net debt reconciliation (continued)

Non-cash items are the movement of loan repayments from more than 1 year to less than 1 year, amortisation of issue costs and capitalisation of interest.

22. Operating leases

The Group earns rental income by leasing shop, restaurant, leisure and other brand commercialisation assets to its tenant partners under operating leases. Lease structures vary dependent on nature of the tenant partner business and new leases vary in length from 3 to 15 years. Leases are a mix of:

1. Base rent
2. Base rent and turnover top up, where a percentage of turnover rent becomes payable once specified net of VAT sales thresholds are exceeded
3. Turnover rent only where rent is a percentage of net of VAT sales derived from the tenant partner business
4. Total occupancy cost leases where a higher turnover percentage is payable to include all rent, rates, and service charges.

For lease scenarios 1 – 3 outlined above, additional amounts are payable as Service Charges and Insurance Rents.

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

	2020 £m	2019 £m
Not later than one year	61.8	79.0
Later than one year and not later than five years	165.8	195.0
Later than five years	105.2	104.0
	332.8	378.0

The future minimum lease amounts receivable under non-cancellable operating leases for continuing operations are as follows, under the new IFRS 16 format:

	2020 £m
Year 1	61.8
Year 2	57.1
Year 3	43.4
Year 4	35.1
Year 5	30.2
Year 6 and onwards	105.2
	332.8

The following table presents the amounts reported in profit or loss:

	2020 £m	2019 £m
Lease income	79.5	89.0
Turnover rent	3.2	3.7
	82.7	92.7

23. Post balance sheet events

The Company had secured debt facilities in place with CPPIB of £290m as at 31 December 2020. The terms of that facility included various standstill agreements which terminated in January 2021. Subsequent to the year end, the Company entered into revised arrangements for extended secured debt facilities on substantially the same terms as previously for an amount up to £330m plus accrued interest with access to further liquidity, should this be required, via an accordion facility subject to approval from CPPIB. These revised facilities are due to mature on 31 December 2022 and the Directors currently expect to negotiate extended and revised facilities during the first half of the financial year ending 31 December 2022. There are no performance covenants in operation for these secured debt facilities.

On 24 December 2021 the noteholders approved a consent solicitation to amend the terms of certain of its loan notes as part of a transition from LIBOR to SONIA for the financial year 2022 onwards.

Further details can be obtained at: https://www.londonstockexchange.com/news-article/BC84/notice-of-consent-solicitation/15233795

24. Investment in subsidiaries

	2020 £m	2019 £m
Cost		
At 1 January	412.1	412.1
Impairment of investment in subsidiary	(246.4)	-
At 31 December	165.7	412.1

Subsidiary undertakings consist of investment of £165.7m (2019: £412.1m) in the Trafford Centre Investments Limited.

In 2020 the investment property within the Borrower had an unrealised loss on fair value adjustment of £617.2m (2019: £453.3m). See Note 10 for more details. The result was a fall in the net asset value of the Borrower. Investments of subsidiaries are held at cost less any provision of impairment. The investment is now held at the realisable value of the investment in the subsidiaries.

Further details of investments of the company in its subsidiary undertakings are given below.

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

	Principal activities	Share class	Number held	% Holding
The Trafford Centre Investment Limited	Holding company	£1 Ordinary	80,000,000	100
The Trafford Centre Holdings Limited *	Holding company	£1 Ordinary	80,000,000	100
The Trafford Centre Limited *	Operator of The Trafford Centre	£1 Ordinary 17p 'A' Preference £1 'B' Preference	22,353,167 200,000,000 120,200,000	100 100 100
The Trafford Centre Finance Limited *	Provision of finance for The Trafford Centre Limited	£1 Ordinary	2	100

* Shareholdings in these companies are held by intermediate subsidiary undertakings with the exception of the non-voting 'A' Preference shares held in The Trafford Centre Limited which are held directly.