

Company Number: 08704179

Intu Metrocentre Finance Plc

Annual report and financial statements

For the year ended 31 December 2018



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Intu Metrocentre Finance Plc

Officers and professional advisers

Directors

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Susan Abrahams

Company secretary and registered office

Intertrust Corporate Services Limited
35 Great St. Helen's
London
EC3A 6AP

Company number

08704179
(England and Wales)

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Strategic report for the year ended 31 December 2018

The directors present the strategic report on Intu Metrocentre Finance plc (the "Company" or the "Issuer") for the year ended 31 December 2018.

Principal activities and business review

The Company was incorporated on 24 September 2013 as a special purpose company to raise funding by the issue of £485,000,000 secured fixed rate notes (the "Notes"), issued at a discounted rate of 99.461 per cent with an annual interest rate of 4.125 per cent per annum; the final maturity date of the Notes being 6 December 2028. The Company advanced the proceeds of the Notes in the form of a loan (the "Loan") to The Metrocentre Partnership (the "Borrower") according to the terms of an intercompany loan agreement. The Loan made to the Borrower has been used by the Borrower for purposes stated in the intercompany loan agreement including general corporate purposes. The Company's obligation to pay interest and principal on the Notes is to be met primarily from payments of interest and principal on the Loan received from the Borrower. The Notes are listed on the Irish Stock Exchange. Both the Company and the Borrower are consolidated by Intu properties plc.

The Loan is secured over the Intu Metrocentre shopping centre (the "Property") located in Gateshead in the United Kingdom (the "UK") owned by the security group (which includes the Borrower and other obligors as defined in the prospectus issued on 14 November 2013 (the "Prospectus"). On 31 December 2018 the Property was valued at £838,300,000 (2017: £925,600,000) by CBRE Limited, an independent valuer. The interest rate and principal redemption schedule of the Loan are exactly the same as that of the Notes. The Notes have an expected maturity date of 6 December 2023 and final maturity date of 6 December 2028 and the Loan will be repaid on the business day prior to the expected or final maturity date of Notes. After applying the accounting policies set out in note 1 to the financial statements, the carrying value of the Loan held by the Company at 31 December 2018 amounted to £483,412,252 (2017: £483,282,857) which was equal to the carrying value of the Notes. However, the notional balance of both at that date remained £485,000,000 (2017: £485,000,000).

Results

The statement of comprehensive income of the Company is set out on page 12 and shows the profit for the year.

Key performance indicators, principal risks and uncertainties

The directors consider the key performance indicators of the Company to be the loan to value ratio (adjusted for cash held within a debt service account) (the "LTV"), profit for the year, carrying value of the Loan and the rating of the Notes.

At 31 December 2018, the weighted average indexed LTV was 58% and at 31 December 2017 the weighted average indexed LTV was 52%. This percentage figure is considered to be the directors' best estimate of current LTV level. The profit for the financial year to 31 December 2018 of £810 (2017: £1,028) was principally attributable to the retention of £1,000 per annum before tax in accordance with the transaction documents. The carrying value of the Loan, a key performance indicator of the Company at 31 December 2018 amounted to £483,412,252 (2017: £483,282,857). The Notes have a Standard & Poor's Rating Services of A(sf) (2017:BBB+(sf)) and a Fitch rating of Asf (2017: Asf) and there have been no trigger events. No impairment losses were recognised during the year (2017: £nil).

The principal risks and uncertainties faced by the Company are reviewed below under Financial instruments.

Financial instruments

The Company's operations are financed by means of the Notes. The Company issued such financial instruments to finance the Loan made to the Borrower. It is not the Company's policy to trade in financial instruments. The Company's activities expose it to a number of risks and uncertainties as summarised below and discussed in more detail in the Prospectus under the section "Risk Factors". Risk management is predetermined based on the terms of the Prospectus and is also summarised below.

The Company's financial instruments comprise the Loan, the Notes and cash and cash equivalents.

Strategic report for the year ended 31 December 2018 (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's principal business objective rests on the provision of the Loan to the Borrower secured by first charges over the Property in the UK. Although the Loan is secured by first charges, the Company considered the evaluation of the Borrower's ability to service the Loan to be the principal factor in assessing the credit risk and the decision to lend.

As noted above the Loan is secured on the Property which was valued as at 31 December 2018 at a market value of £838,300,000 (2017: £925,600,000) by an independent valuer. The value at which the Property will be realised in a scenario where the Property would have to be sold as a result of the Borrower not being able to discharge its obligations will depend on prevailing future property market conditions and as such, is uncertain. No impairment has been recognised against the Loan as at 31 December 2018.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Notes are limited recourse obligations of the Company and the assets of the Company are themselves limited. The ability of the Company to meet its obligations under the Notes will be principally dependent on the receipt of funds from the Borrower under the Loan agreement. The Company has entered into a Liquidity Facility Agreement with HSBC Bank plc where it is permitted to make drawings in the event of insufficient funds available to pay interest and/or principal on the Notes. In such case the Company is obliged to draw on the liquidity facility, in certain circumstances and to the extent funds are available, to meet its obligations to the Noteholders. During the year, the Company did not use the liquidity facility.

The Notes are subject to mandatory redemption in part on each interest payment date in an amount equal to the principal received or recovered in respect of the Loan. If not otherwise redeemed or purchased and cancelled the Notes will be redeemed at their principal amount outstanding on the interest payment date falling on 6 December 2028.

Interest rate risk

Interest rate risk exists where interest rates on assets and liabilities are set on different bases or reset at different times. Both the Loan and the Notes bear interest at the same fixed rate. Therefore, the Company is not deemed to be exposed to interest rate risk.

Currency risk

The Company is not exposed to currency risk as all its financial instruments are denominated in GBP.

Capital management

The Company considers its capital to comprise its ordinary share capital and its accumulated retained earnings. There have been no changes in what the Company considers to be its capital since the previous year.

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement. Financial instruments are set out in Note 13.

On behalf of the board



Sue Abrahams

per pro **Intertrust Directors 1 Limited**

As Director

30 May 2019

Directors' report for the year ended 31 December 2018

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2018.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to cease trading and place the Company into liquidation.

The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent principally on the performance of the Loan. The Notes are limited recourse obligations of the Company.

The Company is obliged to redeem the Notes at their principal amount outstanding upon maturity. However, due to the limited recourse nature of the Notes, the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Loan under the terms of the priority of the payments as set out in the terms and conditions of the Notes. The security group (being companies within the Intu properties plc group as defined in the Prospectus) guarantee the Borrower's obligations to make payments on the Loan under the intercompany loan agreement. If on default by the Borrower and the other obligors following the exercise of all available remedies, the Issuer has insufficient funds to make payment of the full amount of the Notes after enforcement in full of the Property, then the Noteholders shall have no further claim against the Issuer in respect of any amount owing to them which remain unpaid and such amounts shall be deemed discharged in full and the Issuer's payment obligations will cease.

During the year and after the statement of financial position date, the Borrower has continued to meet its liabilities to the Company as they fall due. The market value of the security of the Loan decreased from £925,600,000 valued at 31 December 2017 to £838,300,000 valued at 31 December 2018 and at the balance sheet date the Company is in a net asset position.

Due to the above, the directors consider that the Company is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Future developments

The directors do not anticipate any changes to the present level of activity or to the nature of the Company's business in the near future. The directors consider that the Company will continue to meet all its liabilities under the Notes using proceeds from the Loan.

Financial risk management

Information on financial risk management is included in the "Financial instruments" section of the Strategic report.

Corporate governance

The directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

Directors' report for the year ended 31 December 2018 (continued)

Corporate governance (continued)

Due to the nature of the securities which have been issued, the Company is largely exempt from the disclosure requirements of the Financial Conduct Authority pertaining to the Disclosure and Transparency Rules (DTR) as detailed in DTR 7.1 audit committees and 7.2 corporate governance statements (save for DTR 7.2.5 requiring a description of the features of the internal control and risk management systems), which would otherwise require the Company respectively, to have an audit committee in place and include a corporate governance statement in the report of the directors. The directors are therefore satisfied that there is no requirement for an audit committee or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement.

Issued share capital

The issued share capital is £12,500.75 comprising 49,999 quarter paid ordinary shares of £1 each and 1 fully paid ordinary share of £1.

Directors and their interests

The directors of the Company during the year, and up to the date of signing the financial statements, were:

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Debra Parsall (Appointed 27 January 2017) (Resigned 8 January 2018)
Neil Townson (Appointed 8 January 2018) (Resigned 31 August 2018)
Susan Abrahams (Appointed 31 August 2018)

None of the directors have any beneficial interest in the ordinary share capital of the Company. None of the directors had any interest during the year in any material contract or arrangement with the Company. The directors do not recommend the payment of a dividend (2017: £nil).

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the annual reports and financial statements.

Company secretary

Intertrust Corporate Services Limited acted as company secretary to the year end, and subsequently.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Directors' report for the year ended 31 December 2018 (continued)

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of disclosure of information to auditors

The directors confirm that:

- a) so far as the directors are aware, there is no relevant information of which the Company's auditors are unaware; and
- b) each director has taken all the steps that they ought to have taken as directors in order to make themselves 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 section 418(2) of the Companies Act 2006.

Independent auditors

Pricewaterhouse Coopers LLP were appointed as auditors for the year under review. In line with the change of auditors for the Intu group, a resolution to appoint Deloitte LLP for the audit of the financial statements for the year ending 31 December 2019 is expected at a future general meeting in accordance with the provisions of Companies Act 2006.

On behalf of the board



Sue Abrahams
per pro **Intertrust Directors 1 Limited**
As Director
30 May 2019

Independent auditors' report to the members of Intu Metrocentre Finance PLC

Report on the audit of the financial statements

Opinion

In our opinion, Intu Metrocentre Finance PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

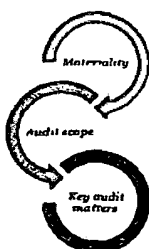
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 January 2018 to 31 December 2018.

Our audit approach

Overview



- Overall materiality: £4.8 million (2017: £4.8 million), based on 1% of total assets.
 - We tailored the scope of our audit to ensure that we performed sufficient work to enable us to opine on the annual report and financial statements.
 - We identified all material financial statement line items and disclosures, including those that were considered qualitatively material, and conducted our work over these accordingly.
 - Accounting for the Loan assets and Notes liabilities.
-

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to acts by the company which were contrary to applicable laws and regulations, including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. Audit procedures performed by the engagement team included:

- Recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion;
- Focused on laws and regulations that could give rise to a material misstatement in the company's financial statements, including, but not limited to, the Companies Act 2006;
- Review of the financial statement disclosures to underlying supporting documentation;
- Review of minutes of director meetings occurring during the year and enquiries of management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p><i>Accounting for the Loan assets and Notes liabilities</i></p> <p>Both the Loan assets and the Notes liabilities are accounted for at amortised cost using the effective interest rate method. The Series 1 Notes have an expected maturity date of 17 March 2023 and a final maturity date of 17 March 2028. The Series 2 Notes have an expected maturity date of 17 March 2028 and final maturity date of 17 March 2033. The Series 3 Notes have an expected maturity date of 17 September 2030 and final maturity date of 17 September 2035. The Loans will be repaid one business day prior to either the expected or final maturity date of the Notes and therefore, there have been no capital repayments on the Loan and Notes in the year.</p> <p>Cash receipts in respect of the Loan assets are required by the underlying Transaction Documents to be paid out in line with the prevailing priority of payments (or "Waterfall"). As such, payments (including those pertaining to the Notes liabilities) are made, subject to cash being available, via application of the Waterfall. We therefore focused part of our testing on the measurement of the Loan assets (and associated interest receivable) and the Notes liabilities (and associated interest payable).</p> <p>Related disclosures in the financial statements:</p> | <p>We discussed the appropriateness of the measurement of the Loan assets and the Notes liabilities with management. We undertook the following procedures to test management's measurement of the Loan assets and the Notes liabilities:</p> <ul style="list-style-type: none">• Testing of effective interest amounts by recalculation, including reference to stated contractual terms within the Transaction Documentation as well as confirming interest receipts or payments as appropriate to bank statements and investor reporting.• For each Waterfall payment date occurring during the year, we compared the available amounts for distribution to the amounts received in respect of the Loan assets; and the applicable priority of payments to that stated within the Transaction Documentation.• Confirmed the Notes balances outstanding at the year end with the Notes Trustee HSBC Bank plc; and confirmed the outstanding balance of the Loan with the Loan counterparty.• Formed an independent expectation of Expected Credit Losses in accordance with IFRS 9 and confirmed that this is value is immaterial to the financial statements. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Note 1 - Accounting policies Note 7 – Loans Note 12 – Borrowings Note 13 - Financial instruments | Based on the evidence obtained, we determined the measurement of the Loan assets and Notes liabilities to be appropriate and reflective of cash movements as defined by the applicable Waterfall. |

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|--|---|
| Overall materiality | £4.8 million (2017: £4.8 million). |
| How we determined it | 1% of total assets. |
| Rationale for benchmark applied | As an SPE is established as a not for profit entity, funded almost entirely by debt, it would follow that users may focus their attention on the SPE's total assets as suggested by ISA (UK) 320 paragraph A3. It is therefore considered appropriate that overall materiality could in the context of an SPE audit be calculated as 1% of total assets.. |

We agreed with the Directors that we would report to them misstatements identified during our audit above £241,715 (2017: £242,362) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 and ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Director's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting


Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Directors, we were appointed by the directors on 8 January 2013 to audit the financial statements for the year ended 31 December 2013 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 31 December 2013 to 31 December 2018.


Iain Wright (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 May 2019

Statement of comprehensive income for the year ended 31 December 2018

| | Note | Year ended 31 December 2018 £ | Year ended 31 December 2017 £ |
|---|------|--|--|
| Interest income | 2 | 20,135,629 | 20,256,375 |
| Interest expense and similar charges | 3 | <u>(20,135,629)</u> | <u>(20,256,375)</u> |
| Net interest income | | - | - |
| Other operating income | 4 | 252,316 | 233,271 |
| Other operating charges | | <u>(251,316)</u> | <u>(232,050)</u> |
| Profit before taxation | 5 | 1,000 | 1,221 |
| Tax on profit | 6 | <u>(190)</u> | <u>(193)</u> |
| Profit for the financial year | 10 | 810 | 1,028 |
| Other comprehensive income | | - | - |
| Profit and total comprehensive income for the financial year | | <u>810</u> | <u>1,028</u> |

All amounts relate to continuing activities.

The accompanying notes on pages 16 to 26 are an integral part of these financial statements.

Intu Metrocentre Finance Plc**Statement of changes in equity for the year ended 31 December 2018**

| | Issued share capital £ | Retained earnings £ | Total equity £ |
|---|---------------------------------------|------------------------------------|-------------------------------|
| Balance as at 1 January 2017 | 12,501 | 3,779 | 16,280 |
| Profit and total comprehensive income for the financial year | - | 1,028 | 1,028 |
| Balance as at 31 December 2017 | 12,501 | 4,807 | 17,308 |
| Profit and total comprehensive income for the financial year | - | 810 | 810 |
| Balance as at 31 December 2017 | 12,501 | 5,617 | 18,118 |

The accompanying notes on pages 16 to 26 are an integral part of these financial statements.

Statement of financial position as at 31 December 2018

| | Note | 31 December 2018 £ | 31 December 2017 £ |
|-------------------------------------|------|---------------------------|---------------------------|
| Non-current assets | | | |
| Loan | 7 | <u>483,412,252</u> | <u>483,282,857</u> |
| Total non-current assets | | <u>483,412,252</u> | <u>483,282,857</u> |
| Current assets | | | |
| Trade and other receivables | 8 | 1,425,586 | 1,419,945 |
| Cash and cash equivalents | | <u>15,702</u> | <u>21,501</u> |
| Total current assets | | <u>1,441,288</u> | <u>1,441,446</u> |
| Total Assets | | <u><u>484,853,540</u></u> | <u><u>484,724,303</u></u> |
| Equity | | | |
| Issued share capital | 9 | 12,501 | 12,501 |
| Retained earnings | 10 | <u>5,617</u> | <u>4,807</u> |
| Total equity | | <u>18,118</u> | <u>17,308</u> |
| Non-current liabilities | | | |
| Borrowings | 12 | <u>483,412,252</u> | <u>483,282,857</u> |
| | | <u>483,412,252</u> | <u>483,282,857</u> |
| Current liabilities | | | |
| Trade and other payables | 11 | 1,422,979 | 1,423,945 |
| Current tax liabilities | | <u>191</u> | <u>193</u> |
| | | <u>1,423,170</u> | <u>1,424,138</u> |
| Total equity and liabilities | | <u><u>484,853,540</u></u> | <u><u>484,724,303</u></u> |

The accompanying notes on pages 16 to 26 are an integral part of these financial statements.

The financial statements on pages 12 to 26 were approved and authorised for issue by the Board on 30 May 2019 and were signed on its behalf by:



Sue Abrahams
per pro **Intertrust Directors 1 Limited**
As Director

Cash flow statement for the year ended 31 December 2018

| | Notes | Year ended 31 December 2018 £ | Year ended 31 December 2017 £ |
|---|--------------|--|--|
| Cash generated from operations | 14 | (5,607) | 5,221 |
| Tax paid | | (192) | (200) |
| Cash flows from operating activities | | <u>(5,799)</u> | <u>5,021</u> |
| Cash flows from investing activities | | | |
| Interest received on loan | | 20,006,250 | 20,006,250 |
| Interest received on bank balances | | - | - |
| Net cash inflow from investing activities | | <u>20,006,250</u> | <u>20,006,250</u> |
| Cash flow from financing activities | | | |
| Interest paid on notes | | <u>(20,006,250)</u> | <u>(20,006,250)</u> |
| Net cash outflow from financing activities | | <u>(20,006,250)</u> | <u>(20,006,250)</u> |
| Net increase in cash and cash equivalents | | (5,799) | 5,021 |
| Cash and cash equivalents at start of the year | | <u>21,501</u> | <u>16,480</u> |
| Cash and cash equivalents at end of the year | | <u><u>15,702</u></u> | <u><u>21,501</u></u> |

The accompanying notes on pages 16 to 26 are an integral part of these financial statements.

1 Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and the Companies Act 2006 as applicable to companies reporting under IFRS. The financial statements are prepared on a going concern basis and under the historical cost convention.

The company has adopted IFRS 9 Financial Instruments ("IFRS 9") with effect from 1 January 2018. IFRS 9 replaced the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The impact of the adoption of IFRS 9 on the Company's financial statements has not had any material impact in this or the prior year accounts.

Basis of preparation - Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to cease trading and place the Company into liquidation.

The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent principally on the performance of the Loan. The Notes are limited recourse obligations of the Company. The Company is obliged to redeem the Notes at their principal amount outstanding upon maturity. However, due to the limited recourse nature of the Notes, the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Loan under the terms of the priority of the payments as set out in the terms and conditions of the Notes. During the year and after the balance sheet date, the Borrower has continued to meet its liabilities to the Company as they fall due. The directors have recognised that the market value of the security of the Loan decreased from £925,600,000 valued at 31 December 2017 to £838,300,000 valued at 31 December 2018 and at the balance sheet date the Company is in a net asset position.

The directors have noted that, at the balance sheet date, the Company is in a net asset position and the credit rating of the Notes by Standard & Poor's rating services at the balance sheet date changed to A from BBB+.

Due to the above, the directors consider that the Company is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Loan and the Notes

The Loan is a non-derivative financial asset with fixed or determinable repayments and is not quoted in an active market. They are classified as loan and receivables. The Loan is measured at initial recognition at fair value, and is subsequently measured at amortised cost using the effective interest rate method.

The Notes issued by the Company are initially recognised at fair value on the date of their issuance and are subsequently measured at amortised cost using the effective interest rate method.

Loan and Notes discounts

Discounts on the Loan and Notes are amortised into the profit and loss account using the effective interest rate method.

The Loan is subject to impairment reviews in accordance with IFRS 9. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

1 Accounting policies (continued)

Segmental analysis

The whole of the Company's operations are carried out in the UK and the results and net assets are derived from its acquisition of the Loan and therefore only one segment is disclosed.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument and are de-recognised on the date it ceases to be party, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction such that substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company's financial instruments comprise Loans, cash and liquid resources, Notes and various receivables and payables that arise from its operation. These financial instruments are classified as described below:

Classification and measurement

IFRS 9 requires financial assets to be classified into one of three measurement categories, fair value through profit or loss, fair value through other comprehensive income or amortised cost.

Financial assets will be measured at amortised cost if they are held within a business model the objective of which is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest. Financial assets will be measured at fair value through other comprehensive income if they are held within a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest. Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss.

An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

Impairment

IFRS 9 replaces the existing 'incurred loss' impairment approach with an expected credit loss ('ECL') model resulting in earlier recognition of credit losses compared with IAS 39. The ECL model has three stages. Entities are required to recognise a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

Impact on the financial statements

The Company has conducted an analysis of these changes and does not consider there to be any significant impact of applying IFRS 9 to the financial statements.

Expected credit losses

IFRS 9 introduces a new model for the recognition of impairment losses - the expected credit losses (ECL) model. The ECL model constitutes a change from the guidance in IAS 39 and seeks to address the criticisms of the incurred loss model which arose during the economic crisis. In practice, the new rules mean that entities will have to record a day 1 loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

Interest income and interest expense and similar charges

The Company accounts for interest income and expense on an accruals basis. Interest income on financial assets that are classified as a loan and receivables and interest expense on financial liabilities is determined using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating the interest income or interest expense and any discount on issuance over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

Other receivables

Other receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits. "Cash and cash equivalents" can only be used to meet certain specific liabilities and is not available to be used with discretion; it is viewed as restricted cash.

Other payables

Other payables are initially measured at fair value and are subsequently valued at amortised cost using the effective interest rate method.

Taxation

Under the powers conferred by the Act, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met and an election being made, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement.

The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both the Act and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. Additionally, no deferred tax amounts are recognised by the Company.

Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The judgments and estimates involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of the Company's financial condition and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

1 Accounting policies (*continued*)

Impairment losses on the Loan

The level of potential credit losses on the Loan is uncertain and could depend on a number of micro and macro-economic factors that may affect repayment conditions and the value of the underlying collateral. The Company assesses impairment provisions based on expected per IFRS 9 and will calculate and recognise impairment when there is objective evidence of an impairment event having occurred, for example a missed repayment, in line with the stated accounting policy on impairment.

2 Interest Income

| | Year ended 31 December 2018 £ | Year ended 31 December 2017 £ |
|---------------------------------|--|--|
| Interest receivable on the Loan | 20,135,629 | 20,256,375 |
| Bank interest income | - | - |
| | <u>20,135,629</u> | <u>20,256,375</u> |

3 Interest expense and similar charges

| | Year ended 31 December 2018 £ | Year ended 31 December 2017 £ |
|-------------------------------|--|--|
| Interest payable on the Notes | <u>20,135,629</u> | <u>20,256,375</u> |

4 Other operating income

Other operating income represents an amount charged during the year by the Company to the Borrower on each interest payment date, in accordance with the transaction documents which is equal to the Company's retained amount of £1,000 per annum and all the fees, costs and expenses incurred by the Company in respect of payment of the Notes interest and principal redemptions, in accordance with the Company priority of payments as defined in the transaction documents.

5 Profit before taxation

| | Year ended 31 December 2018 £ | Year ended 31 December 2017 £ |
|--|--|--|
| Profit before taxation is stated after charging: | | |
| Auditors' remuneration - audit services | <u>22,125</u> | <u>21,481</u> |

The Company has no employees (2017: none) and no services required are contracted from third parties (2017: none). The directors received no remuneration from the Company in respect of qualifying services rendered during the year (2017: £nil). No amounts were payable to the auditors for non-audit services (2017: Nil).

6 Tax on profit

| | Year ended 31 December 2018 £ | Year ended 31 December 2017 £ |
|--|--|--|
| a) Analysis of the Company tax charge in the year | | |
| UK corporation tax on the profit for the year at the current tax rate of 19.00% (2017: 19.25%) | 190 | 193 |
| Prior year tax adjustments | - | - |
| Total charges | <u>190</u> | <u>193</u> |

b) Factors affecting the Company current tax charge for the current year

The tax charge in the year differs (2017 differs) from the rate of corporation tax in the UK of 19.00% (2017: 19.25%).

The difference is explained below:

| | Year ended 31 Decemb er 2018 £ | Year ended 31 Decemb er 2017 £ |
|--|---|---|
| Profit before taxation | 1,000 | 1,221 |
| Expected tax charge at 19.00% (2017: 19.25%) | 190 | 235 |
| Effects of: | | |
| Prior year tax adjustments | - | - |
| Accounting profits not taxed in accordance with SI 2006/3296 | (190) | (235) |
| Cash retained profit taxed in accordance with SI 2006/3296 | 190 | 193 |
| Total tax charge | <u>190</u> | <u>193</u> |

For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)'. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits. In accordance with the Prospectus the Company is expected to retain an amount of £1,000 per annum which is taxable at the above tax rate.

7 Loan

The Loan to The Metrocentre Partnership bears interest at a fixed rate of 4.125 per cent and is secured by first charges over the Property in Gateshead in the UK.

| | 31 December 2018 £ | 31 December 2017 £ |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Loan amount carried at amortised cost | <u>483,412,252</u> | <u>483,282,857</u> |

The maturity profile of the Loan at was as follows:

| | 31 December 2018 £ | 31 December 2017 £ |
|-----------------------|---------------------------------------|---------------------------------------|
| In one year or less | - | - |
| In more than one year | <u>483,412,252</u> | <u>483,282,857</u> |
| | <u>483,412,252</u> | <u>483,282,857</u> |

The Notes have an expected maturity date of 6 December 2023 and a final maturity date of 6 December 2028 and the Loan will be repaid on the business day prior to the expected or final maturity repayment date of Notes.

8 Trade and other receivables

| | 31 December 2018 £ | 31 December 2017 £ |
|------------------------------|-----------------------------------|-----------------------------------|
| Other receivables | 29,157 | 25,777 |
| Accrued interest on the Loan | 1,373,677 | 1,373,693 |
| Prepayments | <u>22,752</u> | <u>20,475</u> |
| | <u>1,425,586</u> | <u>1,419,945</u> |

9 Issued share capital

| | 31 December 2018 £ | 31 December 2017 £ |
|---|-----------------------------------|-----------------------------------|
| Issued, called up and allotted | | |
| 49,999 Ordinary shares of £1 each: 25 pence called and paid | 12,500 | 12,500 |
| 1 Ordinary shares of £1 each: 1 fully paid | <u>1</u> | <u>1</u> |
| | <u>12,501</u> | <u>12,501</u> |

The Company is not subject to any external capital requirements. The Company manages its ordinary share capital in order that there is sufficient capital in order to comply with the minimum requirement under the Companies Act 2006.

10 Retained earnings

| | 31 December 2018 £ | 31 December 2017 £ |
|-------------------------------|-----------------------------------|-----------------------------------|
| Opening balance | 4,807 | 3,779 |
| Profit for the financial year | <u>810</u> | <u>1,028</u> |
| Closing balance | <u><u>5,617</u></u> | <u><u>4,807</u></u> |

The directors do not recommend the payment of a dividend (2017: nil).

11 Trade and other payables

| | 31 December 2018 £ | 31 December 2017 £ |
|--|-----------------------------------|-----------------------------------|
| Amounts falling due within one year | | |
| Other payables | 49,302 | 50,252 |
| Accruals and deferred income | <u>1,373,677</u> | <u>1,373,693</u> |
| | <u><u>1,422,979</u></u> | <u><u>1,423,945</u></u> |

The tax charge for the current year was £190 (2017: £193), as per note 6.

12 Borrowings

| | 31 December 2018 £ | 31 December 2017 £ |
|--------------|-----------------------------------|-----------------------------------|
| Notes | | |
| Series 1 | <u><u>483,412,252</u></u> | <u><u>483,282,857</u></u> |

The Notes are secured over all the assets of the Company.

The Series 1 Notes bear interest at a fixed rate of 4.125 per cent per annum, issued at a discounted rate of 99.461 per cent with an expected maturity date of 6 December 2023 and a final maturity date of 6 December 2028.

13 Financial instruments

The narrative disclosure required by IFRS 7 in relation to the nature of the financial instruments used during the year to mitigate credit, market and liquidity risks exposures is included in the strategic report and included by reference in this note. The Company's exposure to risks on its financial instruments and the management of such risks are largely determined from the inception of the securitisation transaction. The Company's activities and the role of each party to the transaction are clearly defined and documented. Cash flow modelling, including multiple stress scenarios, is carried out as part of the structuring of the transaction, and as such is required by the rating agencies to establish the appropriate rating levels for the Notes.

Following initial set-up, the directors monitor the Company's performance, reviewing reports on the performance of the Property Portfolio. Such review is designed to ensure that the terms of the documentation have been met, that no unforeseen risks have arisen and that the noteholders have been paid on a timely basis.

13 Financial instruments (continued)

Credit risk

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below.

| | Carrying Value 31 December 2018 £ | Maximum Exposure 31 December 2018 £ |
|--------------------------|---|---|
| Assets | | |
| Loan | 483,412,252 | 485,000,000 |
| Other debtors | 29,157 | 25,777 |
| Cash at bank and in hand | 15,702 | 21,501 |
| Accrued Interest | 1,373,677 | 1,429,018 |
| | <u>484,830,788</u> | <u>486,476,296</u> |
| | | |
| | Carrying Value 31 December 2017 £ | Maximum Exposure 31 December 2017 £ |
| Assets | | |
| Loan | 483,282,857 | 485,000,000 |
| Other debtors | 25,777 | 25,777 |
| Cash at bank and in hand | 21,501 | 21,501 |
| Accrued Interest | 1,373,693 | 1,429,018 |
| | <u>484,703,828</u> | <u>486,476,296</u> |

The table below sets out the carrying amount, impairment and the fair value of the collateral held against the credit risk exposures to the Loan. The estimate of the fair value of the collateral is based on a recent valuation performed on 31 December 2018.

| 31 December 2018 | Carrying Value £ | Impairment £ | Fair value of Collateral £ |
|-------------------------------|------------------------|-----------------|----------------------------------|
| Loan | | | |
| Individually impaired | - | - | - |
| Past due but not impaired | - | - | - |
| Neither past due nor impaired | 483,412,252 | - | 838,300,000 |
| | <u>483,412,252</u> | <u>-</u> | <u>838,300,000</u> |

13 Financial instruments (*continued*)

Credit risk (*continued*)

| 31 December 2017 | Carrying Value | Impairment | Fair value of Collateral |
|-------------------------------|-----------------------|-------------------|---------------------------------|
| | £ | £ | £ |
| Loan | | | |
| Individually impaired | - | - | - |
| Past due but not impaired | - | - | - |
| Neither past due nor impaired | 483,282,857 | - | 925,600,000 |
| | <u>483,282,857</u> | <u>-</u> | <u>925,600,000</u> |

The Loan is secured by first charge over the Property in the UK. Impairment to date has been nil as there have been no defaults on either the interest or principal repayments.

Market risk

Interest on the Loan and the Notes is set at a fixed rate and interest is payable on semi-annual basis in arrears at the following rates:

| | 31 December 2018 | 31 December 2017 | Rate |
|-------|-------------------------|-------------------------|----------------|
| | £ | £ | |
| Loan | 483,412,252 | 483,282,857 | 4.1250% |
| Notes | <u>(483,412,252)</u> | <u>(483,282,857)</u> | <u>4.1250%</u> |

The contractual interest rate on both the Loan and the Notes is set at fixed rate (see above) for the duration of the respective agreements and as such, give rise to no risk in respect of interest rates.

Liquidity risk

The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet date of non-derivative financial instruments.

| As at 31 December 2018 | Carrying value | Gross cash flow | In less than 1 month | After 1 month but within 3 months | After 3 months but within 1 year | After 1 year but within 5 year | After 5 years |
|-------------------------------|-----------------------|------------------------|-----------------------------|--|---|---------------------------------------|----------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Notes | 483,412,252 | 485,000,000 | - | - | - | - | 485,000,000 |
| Interest payable on Notes | 1,373,677 | 130,040,625 | - | - | 20,006,250 | 80,025,000 | 30,009,375 |
| Total | 484,875,929 | 615,040,625 | - | - | 20,006,250 | 80,025,000 | 515,009,375 |

13 Financial instruments (*continued*)

Liquidity risk (*continued*)

| As at 31 December 2017 | Carrying value £ | Gross cash flow £ | In less than 1 month £ | After 1 month but within 3 months £ | After 3 months but within 1 year £ | After 1 year but within 5 year £ | After 5 years £ |
|------------------------------|------------------------|-------------------------|------------------------------|---|--|---|-----------------------|
| Notes | 483,282,857 | 485,000,000 | - | - | - | - | 485,000,000 |
| Interest payable on Notes | 1,373,693 | 120,037,500 | - | - | 20,006,250 | 80,025,000 | 20,006,250 |
| Total | 484,656,550 | 605,037,500 | - | - | 20,006,250 | 80,025,000 | 505,006,250 |

Fair value of financial assets and liabilities

The following table shows the book value and fair value of the Company's financial assets and liabilities:

| | 31 December 2018 Book value £ | 31 December 2018 Fair value £ | 31 December 2017 Book value £ | 31 December 2017 Fair value £ |
|--------------------|--|---|--|---|
| Assets | | | | |
| Loan | 483,412,252 | 494,399,300 | 483,282,857 | 534,567,000 |
| | <u>483,412,252</u> | <u>494,399,300</u> | <u>483,282,857</u> | <u>534,567,000</u> |
| Liabilities | | | | |
| Notes | 483,412,252 | 494,399,300 | 483,282,857 | 534,567,000 |
| | <u>483,412,252</u> | <u>494,399,300</u> | <u>483,282,857</u> | <u>534,567,000</u> |

The Notes are listed on the Irish Stock Exchange. The fair value of the Notes is based upon available market prices. Market prices of the Notes depend on how the Loan is performing, therefore the fair value of the Loan has been calculated as being in line with the total fair value of the Notes.

Amendments to IFRS 7 in relation to the nature of the financial instruments that are measured in the statement of financial position at fair value requires them to be put into a fair value measurement hierarchy based on fair value measurement as detailed below:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company has no financial instruments included in its statement of financial position that are measured at fair value. The fair value of the Loan and Notes are categorised as level 2.

Capital management

The Company considers its capital to comprise its ordinary share capital and its accumulated retained earnings. There have been no changes in what the Company considers to be its capital since the previous year. The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

Intu Metrocentre Finance Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

14 Cash generated from operations

| | 31 December 2018 £ | 31 December 2017 £ |
|---|--------------------------|--------------------------|
| Profit on ordinary activities before taxation | 1,000 | 1,221 |
| Interest income | (20,135,629) | (20,256,375) |
| Interest expense | 20,135,629 | 20,256,375 |
| Changes in working capital: | | |
| Increase in debtors | (5,657) | (885) |
| (Decrease)/increase in creditors | (950) | 4,885 |
| Net cash flow from operating activities | <u>(5,607)</u> | <u>5,221</u> |

15 Ultimate Controlling party

The entire issued capital of the Company is held by Intertrust Corporate Services Limited on a discretionary trust basis for the benefit of certain charities. Intertrust Corporate Services Limited is a wholly owned subsidiary of Intertrust Management Limited. Copies of the financial statements of Intertrust Corporate Services Limited may be obtained from 35 Great St Helen's, London, EC3A 6AP.

The controlling party is considered to be Intu properties plc. The Company's financial statements are consolidated into the financial statements of Intu properties plc on the basis of risks and rewards held. Copies of the consolidated financial statements of Intu properties plc are available at its registered office at 40 Broadway London SW1H 0BT.

16 Related party transactions

During the year fees of £37,703 (2017: £23,283) were paid to Intertrust Management Limited in respect of corporate services provided to the Company including the provision of directors.

Intertrust Corporate Services Limited is a wholly owned subsidiary of Intertrust Management Limited.

The carrying value of Loan on the balance sheet amounting to £483,412,252 (2017: £483,282,857), interest on Loan on the balance sheet amounting to £1,373,677 (2017: £1,373,693) and other receivables on the balance sheet amounting to £26,550 (2017: £25,777) is due from The Metrocentre Partnership. During the year interest received on the Loan amounted to £20,006,250 (2017: £20,006,250). Other operating income amounting to £247,213 (2017: £236,930) were received from The Metrocentre Partnership.

The controlling party of The Metrocentre Partnership is Metrocentre (GP) Limited which is wholly owned subsidiary within the Intu properties plc group.