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Company Number 08704179

METROCENTRE FINANCE PLC

DIRECTORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022

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CONTENTS

Directors and other information 2

Strategic report 3

Directors' report 7

Auditor's report 10

Statement of comprehensive income 17

Balance sheet 18

Statement of changes in equity 19

Statement of cash flows 20

Notes to the financial statements 21

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DIRECTORS AND OTHER INFORMATION

Directors	Intertrust Directors 1 Limited Intertrust Directors 2 Limited Susan Abrahams
Company Number	08704179
Company Secretary and Registered Office	Intertrust Corporate Services Limited 1 Bartholomew Lane London EC2N 2AX England
Independent Auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ England
Bankers	HSBC Bank PLC 8 Canada Square London E14 5HQ England

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The directors present the strategic report for Metrocentre Finance PLC (the "Company" or the "Issuer") for the year ended 31 December 2022.

Principal activities, review of the business and future developments

Metrocentre Finance PLC (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%. 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 Loan bears interest at an annual interest rate of 8.750% (2021: 8.750%), of which 4.625% (2021: 4.625%) is Payment-in-kind interest ("PIK interest"). The interest rate and principal redemption schedule of the Loan are exactly the same as that of the Notes. The original expected maturity date of the Notes was 6 December 2023 which has been extended to 5 December 2024 and final maturity date is 6 December 2028. The Loan will be repaid on the business day prior to the expected or final maturity date of Notes. The Notes are listed on the Euronext Dublin.

The Loan is secured over the Metrocentre shopping centre (the "Property") located in Gateshead in the United Kingdom (the "UK") and 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 2022 the Property was valued at £403,500,000 (2021: £413,900,000) by CBRE Limited, an independent valuer. 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 2022 amounted to £390,190,754 (2021: £418,650,948).

On 29 October 2020 (and which was supplemented on 29 December 2020, 29 March 2021, 29 June 2021, 22 October 2021, 22 February 2022 and 26 May 2022), the Noteholders, as part of the original Noteholder consent processes (the "Noteholder Consent Process"), agreed to certain forbearance, amendments and waivers including in relation to events of default and covenant breaches, and certain consequences of the occurrence of a Trigger Event were amended.

On 18 August 2022, the Company entered into a Restructuring Master Amendment Deed, whereby the Company, among others, consented to certain Finance Documents as Holding Obligors. In connection with the Equity Restructuring and in order to facilitate the ongoing stability of the Security Group and the Property, certain provisions of the Finance Documents and Existing Forbearance Amendments were required to be waived or amended. As such, the Borrower requested that each of the Consent Parties agree to certain amendments, deferrals and waivers of the Intercompany Loan Agreement, the Note Trust Deed, the New Money Note Agreement, the Obligor Cash Management Agreement and the Partnership Deed, the termination of the Tax Deed of Covenant and the giving of permission to the Obligors to terminate the Governance Agreement, the Option Agreement and the Operating Agreement (the "Obligor Amendments and Waivers").

Pursuant to the Restructuring Master Amendment Deed and the amendment and restatement of the Intercompany Loan Agreement, historic Trigger Events and Events of Default were permanently waived, the financial covenants are no longer tested, and the cash coupon due on the Notes on 6 December 2022 was agreed to be capitalised as PIK by the Noteholders. This was as a result of the post year end consent solicitation.

In addition, the Borrower's obligations to repay the Loan and the New Money Notes in December 2023 were each extended to December 2024 subject to an option for a further 12 month extension on the terms set out in the finance documents. The Borrower is able to exercise that option at its discretion following the approval of the 2024 Business Plan, provided that Noteholders do not object. In addition, the cash pay interest that was due under the terms of the ICLA on 6 December 2022 was capitalised and added to the principal amount of the Loan.

The Liquidity Facility Agreement with HSBC Bank Plc was fully drawn as at 31 December 2021 and remains fully drawn as at 31 December 2022.

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Principal activities, review of the business and future developments (continued)
On 27 April 2023 the directors of Metrocentre launched the ninth consent solicitation which includes, inter alia, provisions to allow the funds in the Partnerships Development Account to be used to pay cash coupon payments in respect of the Public Notes.

In addition, the Company paid a full 4.125% "cash pay" coupon on its listed notes on the 6 June 2023 IPD, the first cash pay coupon paid since 2021. It is the intention to restart regular biannual coupon payments as long as the business continues to operate within the modelled parameters.

Results
The Statement of Comprehensive Income is set out on page 17 and shows loss for the financial year after taxation of £75,754,507 (2021: £39,010,906 loss) which was principally attributable to the expected credit losses of £75,755,317 (2021: £39,011,716) recognised during the year. Interest income on the loans throughout the year amounted to £48,014,762 (2021: £45,771,707).

Financial key performance indicators
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"), loss for the year and the carrying value of the Loan.

At 31 December 2022, the LTV was 140% and at 31 December 2021 the LTV was 126%. This percentage figure is considered to be the directors' best estimate of current LTV level. The loss for the financial year to 31 December 2022 of £75,754,507 (2021: £39,010,906) was principally attributable to the expected credit losses of £75,755,317 (2021: £39,011,716) recognised during the year. The carrying value of the Loan, a key performance indicator of the Company at 31 December 2022 amounted to £390,190,754 (2021: £418,650,948).

Financial instruments
Following initial set-up, the directors monitor the Company's performance, reviewing reports on the performance of the Property. 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.

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.

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 over the Property in the UK. 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. Ultimately, it is the Borrower that bears the responsibility of the credit risk under the terms of the notes and as set out in the transaction documents.

As noted above the Loan is secured on the Property which was valued as at 31 December 2022 at a market value of £403,500,000 (2021: £413,900,000) 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. The Loan ranks below the Liquidity Facility and the New Money Notes issued by the Borrower.

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Credit risk (continued)
There has been an increase in expected credit losses in the year due to an increase in the value of the debt and PIK interest on New Money Notes. As a result, an increase in the loss allowance of £75,755,317 has been recognised in the current year (2021: £39,011,716). The total loss allowance as at 31 December 2022 was £194,047,068 (2021: £118,291,751).

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 Intercompany 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. In the prior year, the remaining £9,835,805 was drawn under the Liquidity Facility. The Liquidity Facility remains fully drawn as at 31 December 2022. The Liquidity Facility bears a fixed interest rate of 1.75% +SONIA plus a step-up margin which applies to drawings that have been continuously drawn for 12 months or longer, at an additional margin of 0.50% for each year of continuous drawing. Any amounts due to be paid in connection with the Liquidity Facility rank senior to the New Money Notes.

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. The Liquidity Facility bears interest at a fixed rate +SONIA. Therefore, the Company is not deemed to be significantly exposed to interest rate risk.

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

Section 172(1) of the companies Act 2016
As a special purpose vehicle, the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The Directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- with reference to subsection (a) concerning the likely consequences of any decision in the long term: the Transaction Documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long-term view and as disclosed in Note 6 in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit.

- Pursuant to the Restructuring Master Amendment Deed and the amendment and restatement of the Intercompany Loan Agreement dated 18 August 2022, historic Trigger Events and Events of Default were permanently waived, the financial covenants are no longer tested, and the cash coupon due on the Notes on 6 December 2022 was agreed to be capitalised as PIK by the Noteholders.

- the matters set out in subsections (b)-(f) have limited or no relevance to the Company and therefore they are not strategically important.

In accordance with s.426B Companies Act 2006 a copy of this statement is available at:
https: //www.intertrustgroup.com/our-services/capital-markets-services/public-transactions.

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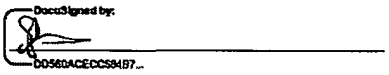
Capital management

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 17.

On behalf of the board



Aline Sternberg
per pro Intertrust Directors 1 Limited
Director

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The directors present the report and financial statements for the financial year ended 31 December 2022 for Metrocentre Finance PLC (the "Company" or the "Issuer").

Directors and secretary and their interests
The names of the persons who were directors at any time during the financial year ended 31 December 2022 and subsequently are set out below:

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Susan Abrahams

The directors and their immediate relatives and the company secretary did not hold an interest in any shares of the Company as at 31 December 2022 or at any time during or since the financial year ended.

Intertrust Corporate Services Limited continued to act as company secretary during the financial year ended 31 December 2022 and subsequently.

Transactions involving directors
There were no other contracts in the year of any significance in relation to the business of the Company in which directors had an interest, as defined in the Companies Acts 2006.

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.

Statement of directors' responsibilities with regard to the financial statements
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board ("IASB") and Article 4 of the IAS Regulation. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting Records
The directors believe that they have complied with the requirements of the Companies Act 2006 with regard to the keeping of adequate accounting records employing a service provider with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX.

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Going Concern

To determine whether or not it was appropriate to prepare the financial statements on a going concern basis, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future verses the likelihood of either intending to or being forced to cease trading and place the Company into liquidation.

The Company has raised finance through the issuance of loan notes secured against the Intu Metrocentre shopping centre (the "Property"). The proceeds from these loan notes have been provided to The Metrocentre Partnership (the "Borrower") under the terms of an intercompany loan agreement. The activities of the Borrower are directed by Metrocentre (GP) Limited (the "General Partner"), which acts as general partner to the Borrower. The directors have considered the current and projected liquidity of the Borrower under different scenarios, as well as contemplating additional non-cashflow related factors which could affect the going concern assumption. The directors are required to consider a period of at least 12 months from the date of signing the financial statements.

Matter contributing to material uncertainty

As part of their review of the going concern assumptions, the directors have considered factors that may contribute to a material uncertainty in the assessment of going concern, and have identified the following matters:

The Loan made to the Borrower is due for repayment on 5 December 2024 and it is not anticipated that the Borrower will have funds available to repay the loan at that point. The Loan is due to be repaid one business day prior to the expected or final maturity date of Notes. The Amended and Restated Intercompany Loan Agreement includes an option whereby the maturity date of the Loan can be further extended to 5 December 2025. The Borrower is able to exercise that option at its discretion following the approval of the 2024 Business Plan, but Noteholder negative consent will be required (i.e. more than 50% of the Noteholders to not object to the proposal within the 15 business day period from notification of the intention to extend).

Although the maturity of the external loan notes is in 2028, if the borrower were to default on the intercompany loan on its expected maturity date in 2024, there is no other income or assets available to this company to meet its liabilities as they fall due and would not be able to repay the loan notes in 2028 as a result. The company is reliant on the partnership to continue as a going concern.

As the maturity of this key facility falls within an 18-month window from the anticipated signing of the financial statements, and the extension is contingent on noteholder negative consent, then this is considered to be a material uncertainty.

The events and conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Having carefully considered this material uncertainty, the Directors have formed the judgement that it is appropriate to prepare the financial statements of the Company on the going concern basis.

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

In forming this conclusion, the directors have taken note of the similar conclusions reached by the directors of the General Partner in their assessment of the Borrower as a going concern.

Full detail in respect of the going concern policy is included in note 3.

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.

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Corporate governance (continued)
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.

Due to the nature of the securities which have been listed on the Euronext Dublin, the directors are satisfied that there is no requirement to publish a corporate governance statement and no requirement for an audit committee or supervisory body entrusted to carry out the functions of an audit committee as the Company is exempt from the disclosure requirements of The Irish Corporate Governance Annex and the provisions of the UK Corporate Governance Code.

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.

Subsequent events
Relevant subsequent events are described in note 22 to the financial statements.

Dividend
The directors have not recommended a dividend payment for the financial year ended 31 December 2022 (2021: £Nil).

Charitable and Political donations
The Company did not make any political or charitable donations during the financial year (2021: £nil).

Auditors
Deloitte LLP, have expressed their willingness to continue in office until the next annual general meeting. Pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of Deloitte will be proposed at the forthcoming annual general meeting.

Directors' confirmations

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

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.

On behalf of the Company,

Aline Sternberg
per pro Intertrust Directors 1 Limited
Director

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Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Metrocentre Finance PLC (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of cashflows; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

2. 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 as applied to listed entities, 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.

3. Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which indicates that the Company is reliant on The Metrocentre Partnership (the 'Partnership') to service the debt with the Noteholders, and that the Partnership is reliant on the Noteholders' negative consent to extend the intercompany loan which reaches maturity on 5 December 2024. In the event of a default by the Partnership, there is no other income or assets available to the Company to meet its liabilities as they fall due. As stated in note 3, these events or conditions, along with the other matters as set forth in note 3, 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.

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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 evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- The Company is reliant on the Borrower for its income. As such, in considering the Company's ability to continue as a going concern, we have considered the work we have completed on the Going Concern assumptions within the Partnership audit;
- We challenged the forecast cash flows and assumptions made by the Directors by comparing assumptions of future rent collections to rent collections to date and by considering current market conditions and the future of retail.
- We obtained and inspected key loan and bond documentation to understand the principal terms, including Noteholder consent processes successfully passed to date and availability and use of liquidity facilities.
- We have inspected the Restructuring Master Amendment Deed and confirmed the permanent waiver of the repeated consent solicitations.
- We challenged the reasonableness of the cash flow forecasts by evaluating different scenarios in the going concern assessment performed by the Directors and assessing the assumptions for reasonability which included understanding the rationale applied; and
- We assessed the appropriateness of the disclosures being made by the Directors to assess whether the disclosures contained appropriate information for users to understand the risks faced by the Company in relation to going concern; and reflect the circumstances assessed as part of our audit work performed.

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

4. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Going concern (see material uncertainty related to going concern section); and • Expected credit loss on loan receivables. Within this report, key audit matters are identified as follows: ⟨⟩ Similar level of risk
Materiality	The materiality that we used in the current year was £3.9 million which was determined on the basis of 1% of total assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There have been no significant changes to our approach, or any new key audit matters identified, in the current year.

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5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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 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. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

5.1. Expected credit loss on loan receivables

Key audit matter description	An expected credit loss (ECL) of £75 million (2021: £39 million) has been recognised on the intercompany loan of £564.2 million (2021: £516.9 million) in the current year. The retail property continues to face challenges resulting in downwards revaluation of investment property and a decrease in rental income, driven by lower rents. This is reflected in the trading performance of the counterparty to the loan receivable. In the event of default, the investment property is held as collateral for the notes and therefore is used to assess the recoverability of the loan receivable. However, the liquidity facility and new money notes ranks senior to lower priority payments of the Company, therefore the impairment of the loans exceeds the value of the investment property. Management's methodology is to recognise an ECL, in line with IFRS 9, where the carrying value of the loan receivable is higher than the fair value of collateral, which is held by the counterparty and is based on the latest independent valuation. Please 3 for key source of estimation uncertainty and note 11 for details of the loan balances.
How the scope of our audit responded to the key audit matter	We have: • Assessed management's ECL methodology and determined whether this is in accordance with IFRS 9 Financial Instruments; • Obtained an understanding of the relevant control pertaining to the ECL calculation and assessed whether this was designed appropriately and implemented affectively. • Recalculated the ECL based on management's ECL methodology by assessing the value of the property to the latest independent valuation and comparing to the loan receivable balance; and • Assessed the competence, capabilities and objectivity of the independent valuation specialist used in valuing the investment property held by the counterparty; • Evaluated the disclosures included within the financial statements pertaining to the expected credit loss on loan receivables.
Key observations	We conclude that the expected credit loss on loan receivables is appropriate.

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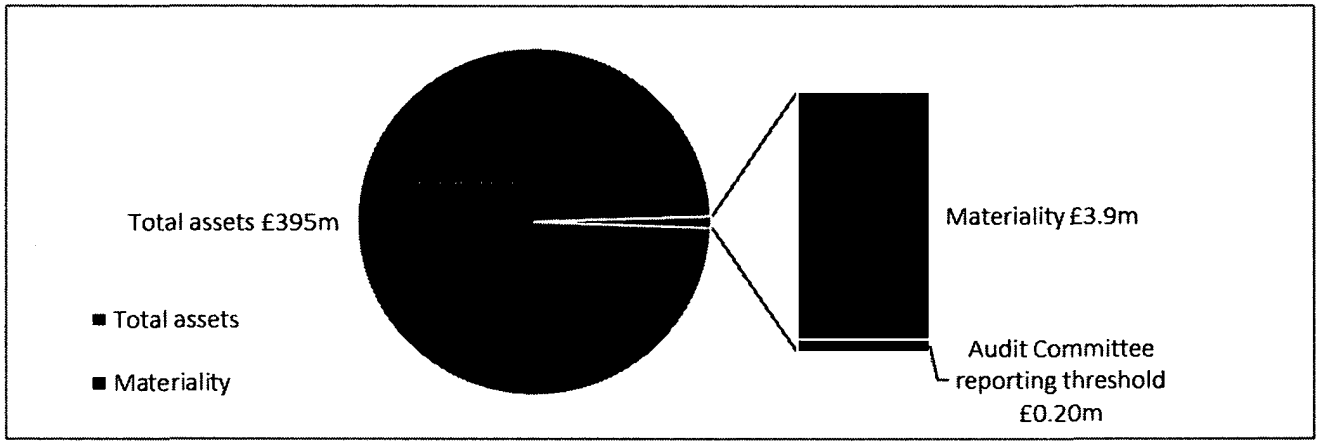
6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Materiality	£3.9 million (2021: £3.7 million)
Basis for determining materiality	1% of total assets (2021: 1% of total assets)
Rationale for the benchmark applied	We use total assets as the benchmark for determining materiality as this reflects the underlying financial position of the business and is a key metric for users of the financial statements



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2022 audit (2021: 70%). In determining performance materiality, we considered the following factors:

- No control deficiencies have been identified, and we have concluded that there is an effective control environment;
- No uncorrected nor corrected misstatements were identified in the previous audit; and
- Low turnover of management or key accounting personnel.

6.3. Error reporting threshold

We agreed with the Directors that we would report to the Directors all audit differences in excess of £197,000 (2021: £183,800), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

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7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the Company and its environment, including controls, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

We obtained an understanding of the relevant controls over the ECL relating to the review and approval of methodology used by management, the ECL calculation and the valuation of the investment property.

We did not plan or obtain control reliance over the ECL.

8. 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.

9. 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.

10. 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.

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11. 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.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006 and tax legislation.

In addition, we considered provisions of other laws and regulations that 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.

11.2 Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

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- enquiring of management, the Directors' legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. 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.

13. Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

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, 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.

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

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14. 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
29 June 2023

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STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	For the year 01-Jan-22 to 31-Dec-22 £	For the year 01-Jan-21 to 31-Dec-21 £
Interest income and similar income	4	48,014,762	45,771,707
Interest expense and similar charges	5	(48,014,762)	(45,771,707)
Net interest income		-	-
Other operating income	6	4,714,526	2,112,388
Other operating expense	7	(4,713,526)	(2,111,288)
Expected credit loss on loans	11	(75,755,317)	(39,011,716)
Loss on ordinary activities before taxation		(75,754,317)	(39,010,716)
Taxation	10	(190)	(190)
Loss on ordinary activities after taxation		(75,754,507)	(39,010,906)

The results for the financial year relate entirely to continuing operations. All total comprehensive income for the year is attributable to the owners of the Company. There is no other comprehensive income.

The notes to the financial statements on pages 21 to 38 form an integral part of the financial statements.

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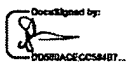
BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	31-Dec-22 £	31-Dec-21 £
Non-current assets			
Loans	11	390,190,754	418,650,948
Current assets			
Trade and other receivables	13	1,525,173	1,505,365
Cash and cash equivalents	12	37,996	22,521
Total Assets		391,753,923	420,178,834
Equity			
Issued share capital	19	12,501	12,501
Accumulated losses		(194,037,810)	(118,283,303)
Shareholders' liabilities		(194,025,309)	(118,270,802)
Current liabilities			
Trade and other payables	15	1,541,219	1,506,746
Current tax liabilities		191	191
Non-current liabilities			
Borrowings	14	584,237,822	536,942,699
Total liabilities		585,779,232	538,449,636
Total equity and liabilities		391,753,923	420,178,834

The notes to the financial statements on pages 21 to 38 form an integral part of the financial statements. All equity is attributable to the owners of the Company.

The financial statements on pages 17 to 38 were approved and authorised for issue by the Board on 21 June 2023 and were signed on its behalf by:

On behalf of the Company,



Aline Sternberg
per pro Intertrust Directors 1 Limited
Director

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Issued share capital £	Retained earnings/ (accumulated losses) £	Total 2022 £
Restated Balance as at 31 December 2020	12,501	(79,272,397)	(79,259,896)
Loss and total comprehensive loss for the year	-	(39,010,906)	(39,010,906)
Balance as at 31 December 2021	**12,501**	**(118,283,303)**	**(118,270,802)**
Loss and total comprehensive loss for the year	-	(75,754,507)	(75,754,507)
Balance as at 31 December 2022	**12,501**	**(194,037,810)**	**(194,025,309)**

The notes to the financial statements on pages 21 to 38 form an integral part of the financial statements.

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STATEMENT OF CASHFLOWS FOR THE YEAR FROM 1 JANUARY 2022 TO 31 DECEMBER 2022

	For the year 01-Jan-22 to 31-Dec-22 £	For the year 01-Jan-21 to 31-Dec-21 £
Operating activities		
Loss on ordinary activities before taxation	(75,754,317)	(39,010,716)
Adjustments for:		
Expected credit losses on Loan	75,755,317	39,311,716
Interest income	(48,014,762)	(45,771,707)
Interest expense	48,014,762	45,771,707
Changes in working capital:		
(Increase)/decrease in debtors	(44,609)	98,626
Increase in creditors	34,473	69,830
Net cash (used in)/generated from operations	(9,136)	169,456
Tax paid	(190)	(190)
Cash flows (used in)/generated from operating activities	(9,326)	169,266
Cash flows from investing activities		
Interest received on loan	705,369	-
Net cash inflow from investing activities	705,369	-
Cash flow from financing activities		
Interest paid on notes	(680,568)	(10,003,125)
Liquidity Facility drawdown proceeds	-	9,835,805
Net cash outflow from financing activities	(680,568)	(167,320)
Net increase in cash and cash equivalents	15,475	1,946
Cash and cash equivalents at start of the year	22,521	20,575
Cash and cash equivalents at the end of year	37,996	22,521

The notes to the financial statements on pages 21 to 38 form an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

1. General information

Reporting entity

The Company is a public company with limited liability, was incorporated in the United Kingdom on 24 September 2013 and registered in England and Wales under the Companies Act 2006. The address of the registered office is 1 Bartholomew Lane, London, EC2N 2AX, England. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 3 to 6.

Statement of compliance

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards. The financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

2. Adoption of new and revised standards

New and revised Standards and Interpretations in issue

There are a number of standards, amendments to standards and interpretations effective for annual periods beginning on or after 1 January 2022 that were not applicable to the Company and therefore have not been applied in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- *Amendments to IAS 1- Classification of Liabilities as Current or Non-current*
- *Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract*
- *Amendments to IAS 1 and IFRS Practice Statement 2*
- *IFRS 17 (including the June 2020 Amendments to IFRS 17) Insurance Contracts*
- *IFRS 10 and IAS 28 (amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *Amendments to IFRS 3 - Reference to the Conceptual Framework*
- *Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use*
- *Amendments to IAS 12 – Deferred taxes related to assets and liabilities arising from a single transaction.*
- *Annual Improvements to IFRS Standards 2018-2020 Cycle*
- *Amendments to IAS 8 Definition of Accounting Estimates*

New and revised Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- *IFRS 17 Insurance Contracts*
- *Amendments to IAS 8 - Definition of Accounting Estimates*
- *Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies*
- *Amendments to IAS 12- Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The directors do not expect that the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3. Significant accounting policies

The principal accounting policies that the Company applied in preparing its financial statements for the financial year ended 31 December 2022 are set out below.

Basis of preparation

The financial statements have been prepared on the historical cost convention as modified by financial instruments (loans) recognised at fair value per page 35. The Loans are recognised initially at fair value on the date of their issuance and are subsequently measured at amortised cost using the effective interest rate method.

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Going concern

To determine whether or not it was appropriate to prepare the financial statements on a going concern basis, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future verses the likelihood of either intending to or being forced to cease trading and place the Company into liquidation.

The Company has raised finance through the issuance of loan notes secured against the Intu Metrocentre shopping centre (the "Property"). The proceeds from these loan notes have been provided to The Metrocentre Partnership (the "Borrower") under the terms of an intercompany loan agreement. The activities of the Borrower are directed by Metrocentre (GP) Limited (the "General Partner"), which acts as general partner to the Borrower. The directors have considered the current and projected liquidity of the Borrower under different scenarios, as well as contemplating additional non-cashflow related factors which could affect the going concern assumption. The directors are required to consider a period of at least 12 months from the date of signing the financial statements.

The Directors consider that the events and conditions described below indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Liquidity impact over the next 12 months

Liquidity facility

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. The Liquidity Facility remains fully drawn as at 31 December 2022. This Facility (or a successor substitute facility) is expected to be available until December 2028 with expected repayment being December 2024 under the terms of the Liquidity Facility Agreement dated 20 November 2013.

Since the administration of Intu Properties plc, the Company and the Borrower have developed an updated three year business plan to December 2025 for the current market environment. The business plan makes certain assumptions as to projections and statements about future events and expectations that are forward looking statements in relation to the Metrocentre Partnership and its affiliates, their business and assets. Under the plan, the business intends to invest a further £46.5m of capex in 2023 - 2025 to improve the asset. The borrower's cash flow forecasts in the updated business plan indicate strong cash generation at the asset level in line with net operating income growth.

Lender impact

The Company is obliged to repay the Notes at their principal amount outstanding upon maturity. However, due to the non-recourse nature of the Notes, the Company's ability to pay amounts due on the Notes are limited to the application of the receipts from the issued Loan under the terms of the priority of payments as set out in the transaction documents. If on full realisation of the security, insufficient funds exist to settle the liabilities owed to the Lenders, there will be no further recourse to the Company (even in event of default).

The operating expenses of the Company are immaterial compared to the cash received on the loan portfolio on a monthly basis. Operating expenses are first in the order of priority of payment and the directors are comfortable that these will be covered by the cash collected from the Property. Ultimately, it is the obligation of the Borrower to cover the operating expenses of the Company in accordance with the transaction documents. It is the intention of the directors for the Company to continue operations until such a time as the amounts due from the Property have been fully realised. Ultimately, due to the non-recourse nature of the Notes, any shortfall in the proceeds of the loan portfolio will be a risk to the Noteholders.

DocuSign Envelope ID: 3516A3E9-C82A-4E37-A6CD-7C0FE7A9071A

Matter contributing to material uncertainty
As part of their review of the going concern assumptions, the directors have considered factors that may contribute to a material uncertainty in the assessment of going concern, and have identified the following matters:

The Loan made to the Borrower is due for repayment on 5 December 2024 and it is not anticipated that the Borrower will have funds available to repay the loan at that point. The Loan is due to be repaid one business day prior to the expected or final maturity date of Notes. The Amended and Restated Intercompany Loan Agreement includes an option whereby the maturity date of the Loan can be further extended to 5 December 2025. The Borrower is able to exercise that option at its discretion following the approval of the 2024 Business Plan, but Noteholder negative consent will be required (i.e. more than 50% of the Noteholders to not object to the proposal within the 15 business day period from notification of the intention to extend).

Although the maturity of the external loan notes is in 2028, if the borrower were to default on the intercompany loan on its expected maturity date in 2024, there is no other income or assets available to this company to meet its liabilities as they fall due and would not be able to repay the loan notes in 2028 as a result. The company is reliant on the partnership to continue as a going concern.

As the maturity of this key facility falls within an 18-month window from the anticipated signing of the financial statements, and the extension is contingent on noteholder negative consent, then this is considered to be a material uncertainty.

Going Concern – conclusion
The events and conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Having carefully considered this material uncertainty, the Directors have formed the judgement that it is appropriate to prepare the financial statements of the Company on the going concern basis.

After carefully considering the material uncertainty described above, the Directors have formed the judgement that the partnership will be able to exercise the option to extend the maturity date to 5 December 2025 without a majority of Noteholders objecting.

After reviewing all of the above points along with the material uncertainty and after reviewing the most recent projections, the directors of the Company believe it appropriate to continue adopting the going concern status in preparing its 2022 financial statements.

In forming this conclusion, the directors have taken note of the similar conclusions reached by the directors of the General Partner in their assessment of the Borrower as a going concern.

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 classified as a financial liability measured at initial recognition 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.

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

DocuSign Envelope ID: 3516A3E9-C82A-4E37-A6CD-7C0FE7A9071A

Reporting currency
The functional and presentation currency of the Company is Pounds Sterling, denoted by the symbol £. The financial statements are presented in the functional currency. All of the Company's financial assets and liabilities are denominated in Pounds Sterling. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Assets and liabilities in foreign currencies have been translated at the exchange rates in effect at the balance sheet date. All exchange differences are dealt with in arriving at loss before taxation.

Interest expense
Interest expense for all financial liabilities except for those measured at or designated at Fair Value Through Profit or Loss ("FVTPL") are recognized in in the 'Interest expense' line in the statement of comprehensive income using the effective interest method.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Interest is recognised on an effective interest basis for financial instruments held at amortised cost. Interest is included in the 'Interest expense' line item in the statement of comprehensive income as it accrues.

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.

Financial liabilities
In accordance with IFRS 9, financial liabilities are recognised initially at fair value on the date of their issuance and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are only classified as current if they are expected to be settled within the Company's normal operating cycle or within twelve months after the reporting period. All other liabilities are classified as non-current.

DocuSign Envelope ID: 3516A3E9-C82A-4E37-A6CD-7C0FE7A9071A

Impairment
In accordance with IFRS 9 the Company is required to determine the impairment of financial assets using the expected credit loss ('ECL') model. The ECL model has three stages which is defined below:

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

Expected credit losses
In accordance with IFRS 9, the Company assesses its financial assets annually for impairment using the Expected Credit Loss ('ECL') Method. IFRS 9 requires 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. 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.

The Company monitors all financial assets that are subject to the IFRS 9 impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

The Loan, and the associated accrued interest receivable thereon, comprise substantially all of the Company's material financial assets. In assessing whether there has been a significant increase in credit risk on the Loan, the Company considers various factors including the financial performance and position of the Borrower, the third party valuation of the Property and financial covenant performance. The Company also takes into account the effect of events during the reporting period and following year-end.

An assessment is made at each reporting date on whether there is objective evidence of impairment. Indicators of impairment in relation to this Company are considered to be defaults or delinquencies in the Loan or deterioration in the underlying collateral asset. Where there is objective evidence of impairment, a charge is recognised immediately. Default for these purposes is defined as the Borrower having insufficient funds to pay the principal or interest on the Loan when they fall due in accordance with the terms of the Finance Documents.

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The Expected Credit Losses in the Company are calculated based on the carrying amount versus the recoverable amount i.e. the underlying asset valuation less the priority of payments of the Borrower. The Liquidity Facility and the New Money Notes rank senior to the Loan in the priority of payments of the Borrower.

On the basis of analysis carried out in accordance with the policies set out in this section, management concluded in the year ended 31 December 2022 that the Loan is credit impaired.

See 'Key sources of estimation uncertainty' for further details.

Contingent Liability
Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the Company. In August 2022, there was a transition in the equity ownership of The Metrocentre Partnership which severed the equity link between the Metrocentre Group and their former parent Intu Properties plc. In the Sales and Purchase Agreement (the "SPA") of this equity sale, there is a Contingent Right which gives the Sellers* a right to deferred consideration in the event of a future share sale to a third party purchaser. The value of this deferred consideration is estimated to be 1% of the Gross Asset Value of the Property.

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Contingent Liability (continued)
The Contingent Right is payable by a Relevant Seller as defined in the terms of the Initial Sales and Purchase Agreement. While The Metrocentre Partnership will not meet the definition of a Relevant Seller, the agreement has an additional clause whereby if the Relevant Seller does not fulfil its obligations under the SPA, the liability would fall to the Sold Entities. Under the terms of the agreement, The Metrocentre Partnership could meet the definition of a Sold Entity.

In the event that The Metrocentre Partnership has to pay the deferred consideration, this would have an impact on the impairment calculation of the Company as the value of the collateral held against the Loan to The Metrocentre Partnership will reduce.

The Directors are disclosing this as a Contingent Liability as there are currently no plans to in place for a Share Sale and in the event of a Share Sale, a number of events outside of the control of the Company would need to occur before it had an impact on the financial position of the Company.

*The Sellers are defined as Europe Realty Holdings Private Limited, Intu Shopping Centres PLC (in administration) and Intu Properties PLC (in administration), both acting by the administrators.

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.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue cost.

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.

Other payables
Other payables are initially measured at fair value and are subsequently valued 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" includes restricted cash which can only be used to meet certain specific liabilities and is not available to be used with discretion.

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.

Operating income and expenses
All other income and expenses are accounted for on an accruals basis.

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

Critical accounting judgements

Controlling party - Under IFRS 10, an investor controls an investee when the investor is exposed to (has rights to) variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. There are three tests for control, all of which must be satisfied in order for an investor to consolidate an investee. Management must apply significant judgement and assumptions in determining whether it possesses the three elements of the definition.

As set out in note 18, management have concluded that there is no controlling party given the parent company have limited power available to them and in the event of default, decisions of the Company are made by the Noteholders.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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.

A key source of estimation uncertainty exists over amounts due from group undertakings due to allowances for future expected credit losses that may be incurred. These losses may be increased by further structural issues in the retail sector or a UK wide recession, therefore further reducing amounts recoverable from group undertakings. The carrying amount of the expected credit losses as at 31 December 2022 amounted to £185,040,629.

Calculation of loss allowance
An Expected Credit Loss ("ECL") is the lifetime expected loss due to potential default events. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The Expected Credit Losses in the Company are calculated based on the carrying amount versus the recoverable amount i.e. the underlying asset valuation less the priority of payments of the Borrower. The Liquidity Facility and the New Money Notes rank senior to the Loan in the priority of payments of the Borrower. Based on this methodology an ECL of £75,755,317 has been recognised on the intercompany loan receivable in the current year.

Whilst the Company bases its expected credit loss calculation on the best available information, and exercising appropriate caution as to future events given uncertainty in the wider economic environment, the ability of the Borrower to meet its obligations in respect of the Loans will ultimately be determined by the actual cash flows generated by the Property and its market value when it is sold by the Borrower.

Embedded Derivatives
IFRS 9 contains specific requirements concerning embedded derivatives so that an entity will not be able to bypass the recognition and measurement requirements for derivatives by embedding a derivative in a non-derivative financial instrument or other contract. An embedded derivative is defined as a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

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Key sources of estimation uncertainty (continued)

Embedded Derivatives (continued)
A key source of estimation uncertainty exists over the existence of certain clauses which indicate that there were embedded derivatives within the Intercompany Loan Agreement of 20 Nov 2013 as amended and restated with the latest amendment and restatement taking place on 18 August 2022. The directors concluded that while embedded derivatives exist within the prepayment clauses, no value is recognised for embedded derivatives for the remaining lifetime of the intercompany loan as the probability of the prepayment options being exercised is near zero. Accordingly, no value is recognised for these embedded derivatives

4. Interest income and similar charges

	For the year 01-Jan-22 to 31-Dec-22 £	For the year 01-Jan-21 to 31-Dec-21 £
Interest income on Loans	50,103,246	45,841,999
Gain on modification of Loan	(2,088,484)	(70,292)
	48,014,762	45,771,707

The Loan to The Metrocentre Partnership bears cash interest at a fixed rate of 4.125% (2021: 4.125%) and PIK interest at a fixed rate of 4.625% (2021: 4.625%) and is secured over the Property in Gateshead in the UK.

For details of the gains arising on loan modifications see note 11.

5. Interest expense and similar charges

	For the year 01-Jan-22 to 31-Dec-22 £	For the year 01-Jan-21 to 31-Dec-21 £
Interest payable on Notes	(49,383,606)	(45,546,972)
Gain on modification of Notes	2,088,484	70,292
Interest payable on Liquidity Facility	(719,640)	(295,027)
	(48,014,762)	(45,771,707)

The Series 1 Notes have been issued at an annual interest rate of 4.125% (2021: 4.125%) per annum. PIK interest on the Series 1 Notes has been charged at an annual interest rate of 4.625% (2021: 4.625%) per annum. The Liquidity Facility bears a fixed interest rate of 1.75% +SONIA plus a step-up margin which applies to drawings that have been continuously drawn for 12 months or longer, at an additional margin of 0.50% for each year of continuous drawing.

For details of the gains arising on Notes modifications see note 14.

6. 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.

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7. Other operating expenses

	For the year 01-Jan-22 to 31-Dec-22 £	For the year 01-Jan-21 to 31-Dec-21 £
Other expenses	(4,605,168)	(1,887,691)
Audit fees	(73,008)	(52,800)
Corporate services fee	(32,849)	(82,057)
Trustee fees	(2,501)	(88,840)
	(4,713,526)	(2,111,388)

Other expenses are mainly made up of professional and advisory fees in connection with the Noteholder Consent Solicitations passed in the year and the Equity Restructuring.

8. Loss before taxation

	For the year 01-Jan-22 to 31-Dec-22 £	For the year 01-Jan-21 to 31-Dec-21 £
Loss before taxation is stated after charging:		
Auditor's remuneration – Audit services - VAT exclusive	(60,840)	(44,000)

No amounts were payable to the auditors for non-audit services (2021: £nil).

9. Directors and employees

The Company has no employees (2021: none). The directors received no remuneration from the Company in respect of qualifying services rendered during the financial year (20221: £nil). No additional payment or specific payment was due in respect of director services.

10. Taxation

	For the year 01-Jan-22 to 31-Dec-22 £	For the year 01-Jan-21 to 31-Dec-21 £
Analysis of charge for the year		
UK Corporation tax on loss for the period	(190)	(190)
	(190)	(190)
Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	(75,754,317)	(39,010,716)
Expected tax charge at 19.00% (2021: 19.00%)	(14,393,320)	(7,412,036)
Effects of:		
Accounting loss not taxed in accordance with SI 2006/3296	14,393,320	7,412,036
Cash retained profit taxed in accordance with SI 2006/3296	(190)	(190)
Current tax charge for the year	(190)	(190)

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.

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11. Loan

	31-Dec-22	31-Dec-21
	£	£
Loan	564,231,572	516,936,449
	564,231,572	516,936,449
Impairment charge	(194,047,068)	(118,291,751)
Liquidity Facility Loan	20,006,250	20,006,250
Loan amount carried at amortised cost	390,190,754	418,650,948

	31-Dec-22	31-Dec-21
	£	£
The maturity profile of the Loan at 31-Dec-22 was as follows:		
Due in more than one year	390,190,754	418,650,948
Closing Balance	390,190,754	418,650,948

The Loan has an expected maturity date of 5 December 2024 and a final maturity date of 6 December 2028. Unless previously repaid on the expected maturity date, the Loans shall be finally repaid on the final maturity date. There has been £75,755,317 expected credit losses recognised in the current year while £39,011,716 expected credit loss was recognised in the previous year.

Interest on the loan is set at a fixed rate per annum of 8.75%. This interest rate of 8.75% comprises a cash portion of 4.125% and a PIK portion of 4.625%.

The Liquidity Facility bears a fixed interest rate of 1.75% +SONIA plus a step-up margin which applies to drawings that have been continuously drawn for 12 months or longer, at an additional margin of 0.50% for each year of continuous drawing. The Liquidity Facility remains fully drawn at 31 December 2022. This Facility (or a successor substitute facility) is expected to be available until December 2028 with expected repayment being December 2024 under the terms of the Liquidity Facility Agreement dated 20 November 2013.

As a result of the Sixth Supplemental Master Amendment Agreement entered into by the Company on 26 May 2022, the cash pay interest due on 6 June 2022 on the ICLA was agreed to be capitalised as PIK. By applying the quantitative test to the revised cashflows, it was determined that the present value of the modified cashflows was less than 10% different to that of the original remaining cashflows. Accordingly, a non-substantial contract modification has arisen as a result of the decision to capitalise the June 2022 cash interest payment. The amortised cost of the asset has been recalculated by discounting the modified contractual cash flows using the original effective interest rate, which gives rise to a gain of £53k, and the effective interest rate has been revised accordingly. The gain is included within Interest income and similar charges at note 4.

As a result of the equity restructuring exercise, the maturity date of the ICLA was extended to 5 December 2024 by amendment and restatement of the ICLA on 18 August 2022 and the Restructuring Definitions Schedule of the same date, and the cash pay interest due on 6 December 2022 under the ICLA was agreed to be capitalised as PIK. By applying the quantitative test to the revised cashflows, it was determined that the present value of the modified cashflows was less than 10% different to that of the original remaining cashflows. Accordingly, a non-substantial contract modification has arisen as a result of the decision to capitalise the December 2022 cash interest payment and to extend the maturity date of the ICLA. The amortised cost of the asset has been recalculated by discounting the modified contractual cash flows using the previous effective interest rate, which gives rise to a gain of £2m, and the effective interest rate has been further revised accordingly. The gain is included within Interest income and similar charges at note 4.

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12. Cash and cash equivalents

	31-Dec-22	31-Dec-21
	£	£
Restricted cash – share capital accounts	12,501	12,501
Non restricted cash – general accounts	25,495	10,020
	37,996	22,521

The cash at bank is held with HSBC Bank Plc. HSBC Bank Plc currently holds an A+/A-1/Stable long and short-term counterparty credit rating by Standard and Poor's.

Restricted cash can only be used to meet certain specific liabilities and is not available to be used with discretion. The unrestricted cash balance consists of the balances in the General Accounts as at 31 December 2022. The cash flow statement is prepared on a cash and cash equivalents basis.

13. Trade and other receivables

	31-Dec-22	31-Dec-21
	£	£
Accrued interest on the Loan	1,492,607	1,453,536
Prepaid expenses	32,566	51,829
	1,525,173	1,505,365

14. Borrowings

	31-Dec-22	31-Dec-21
	£	£
Series 1 Notes	(564,231,572)	(516,936,449)
Liquidity Facility payable to HSBC	(20,006,250)	(20,006,250)
	(584,237,822)	(536,942,699)

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

The Series 1 Notes bear interest at a fixed rate of 4.125% and PIK interest at a fixed rate of 4.625% per annum, issued at a discounted rate of 99.461% with an expected maturity date of 6 December 2023 and a final maturity date of 6 December 2028. The carrying amount of the other liabilities approximate to their fair values. The Liquidity Facility remains fully drawn at 31 December 2022. The Liquidity Facility bears a fixed interest rate of 1.75% +SONIA plus a step-up margin which applies to drawings that have been continuously drawn for 12 months or longer, at an additional margin of 0.50% for each year of continuous drawing. This Facility (or a successor substitute facility) is expected to be available until December 2028 with expected repayment being December 2024 under the terms of the Liquidity Facility Agreement dated 20 November 2013. Pursuant to the Restructuring Master Amendment Deed, the cash coupon due on the Notes on 6 December 2022 was agreed to be capitalised as PIK by the Noteholders.

As a result of the Sixth Supplemental Master Amendment Agreement entered into by the Company on 26 May 2022, the cash pay interest due on 6 June 2022 on the ICLA was agreed to be capitalised as PIK. By applying the quantitative test to the revised cashflows, it was determined that the present value of the modified cashflows was less than 10% different to that of the original remaining cashflows. Accordingly, a non-substantial contract modification has arisen as a result of the decision to capitalise the June 2022 cash interest payment. The amortised cost of the liability has been recalculated by discounting the modified contractual cash flows using the original effective interest rate, which gives rise to a gain of £53k, and the effective interest rate has been revised accordingly. The gain is included within Interest expense and similar charges at note 5.

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14. Borrowings (continued)

As a result of the equity restructuring exercise, the maturity date of the ICLA was extended to 5 December 2024 by amendment and restatement of the ICLA on 18 August 2022 and the Restructuring Definitions Schedule of the same date, and the cash pay interest due on 6 December 2022 under the ICLA was agreed to be capitalised as PIK. By applying the quantitative test to the revised cashflows, it was determined that the present value of the modified cashflows was less than 10% different to that of the original remaining cashflows. Accordingly, a non-substantial contract modification has arisen as a result of the decision to capitalise the December 2022 cash interest payment and to extend the maturity date of the ICLA. The amortised cost of the liability has been recalculated by discounting the modified contractual cash flows using the previous effective interest rate, which gives rise to a gain of £2m, and the effective interest rate has been further revised accordingly. The gain is included within Interest expense and similar charges at note 5.

15. Trade and other payables

	31-Dec-22	31-Dec-21
	£	£
Accrued interest payable on Notes	(1,421,209)	(1,421,209)
Accrued interest payable on Liquidity Facility	(71,399)	(32,327)
Accruals and deferred income	(48,612)	(53,210)
	(1,541,219)	(1,506,746)

All payables are due within one year. The carrying amount of the other liabilities approximate to their fair values.

16. Financial risk management

The principal risks arising from the Company's financial instruments are credit risk, market risk and liquidity risk. The Company has established policies for managing these risks as outlined below.

Credit risk

Credit risk is defined as 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 over the Property in the UK. 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.

Credit risk is monitored and managed on a regular basis through preparation and review of quarterly progress reports based on fair values which are reviewed in detail by management. The asset manager has been employed to engage directly with the borrowers on a one-to-one basis to seek resolution.

The Loan is secured on the Property which was valued as at 31 December 2022 at a market value of £403,500,000 (2021: £413,900,000) 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. The Loan ranks below the Liquidity Facility and the New Money Notes.

The Company's maximum exposure to credit risk on the financial assets at the reporting date is disclosed in the table below. Ultimately, it is the Borrower that bears the responsibility of the credit risk under the terms of the notes and as set out in the transaction documents

DocuSign Envelope ID: 3516A3E9-C82A-4E37-A6CD-7C0FE7A9071A

Credit risk (continued)

Financial assets	Carrying Value 31 December 2022 £	Exposure 31 December 2022 £
Loan	390,190,754	390,190,754
Cash and cash equivalents	37,996	37,996
Accrued interest	1,492,607	1,492,607
Total	391,721,357	391,721,357

Financial assets	Carrying Value 31 December 2021 £	Maximum Exposure 31 December 2021 £
Loan	418,650,948	418,650,948
Cash and cash equivalents	22,521	22,521
Accrued interest	1,453,536	1,453,536
Total	420,127,005	420,127,005

The Company did not take possession of any collateral during the year (2021: nil).

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 2022.

31 December 2022	Gross Carrying Value £	Impairment £	Fair Value of Collateral £
Loan			
Not past due but impaired	584,237,822	194,047,068	403,500,000

31 December 2021	Gross Carrying Value £	Impairment £	Fair Value of Collateral £
Loan			
Not past due but not impaired	536,942,699	118,291,751	413,900,000

The Loan is secured over the Property in the UK. Impairment for the financial year has been £75,755,317 (2021: £39,011,716) which is due to an increase in the value of the debt and PIK interest on New Money Notes. The Liquidity Facility and the New Money Notes rank senior to the Loan in the priority of payments of the Borrower and therefore the impairment is the difference between the gross carrying value of the loan and the underlying asset valuation less the priority of payments to the Borrower.

DocuSign Envelope ID: 3516A3E9-C82A-4E37-A6CD-7C0FE7A9071A

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Credit risk (continued)

Credit risk management for financial instruments to which the IFRS 9 impairment requirements are applied
The credit risk of other exposures is minimised by monitoring the credit rating of counterparties. The cash on deposit is held with HSBC Bank Plc. HSBC Bank Plc currently holds an A+/A-1/Stable long and short-term counterparty credit rating by Standard and Poor's. Amounts due from collection agents are very short term in nature. Due to the credit ratings of these institutions, the credit risk relating to these amounts is considered to be immaterial.

Market risk
Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Overall market risk is managed in accordance with practices and policies established by management. Interest on the Loan and the Notes is set at a fixed rate while interest on the liquidity facility is set at a floating rate and interest is payable on semi-annual basis in arrears at the following rates:

	31 December 2022 £	31 December 2022 Rate	31 December 2021 £	31 December 2021 Rate
Loan	370,184,504	8.7500%	398,644,698	8.7500%
Liquidity facility	20,006,250	1.7500%	20,006,250	1.7500%
Notes	(564,231,572)	8.7500%	(516,936,449)	8.7500%
Liquidity facility	(20,006,250)	1.7500%	(20,006,250)	1.7500%

The contractual interest rate on both the Loan and the Notes is set at fixed rate for the duration of the respective agreements and as such, give rise to no risk in respect of interest rates. The interest rate on the Liquidity Facility is a fixed interest rate of 1.75% +SONIA plus a step-up margin which applies to drawings that have been continuously drawn for 12 months or longer, at an additional margin of 0.50% for each year of continuous drawing. Interest on both the Loan and the Notes is set at an annual interest rate of 4.125% and PIK interest is set at an annual interest rate of 4.625% per annum. Thus, the total interest rate on both the Loan and the Notes is set at 8.7500%.

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

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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. The table below summarises the interest rate sensitivity gap. The financial assets are shown at their principal amount outstanding.

Interest Rate Sensitivity 2022	Fixed Interest rate £	Floating Interest rate £	Non-Interest Bearing £	Total £
Assets				
Loan	564,231,572	-	-	564,231,572
Liquidity facility	-	20,006,250	-	20,006,250
Cash and cash equivalents	-	37,996	-	37,996
Total assets	564,231,572	20,044,246	-	584,275,818
Liabilities				
Borrowings	(564,231,572)	-	-	(564,231,572)
Liquidity facility	-	(20,006,250)	-	(20,006,250)
Total liabilities	(564,231,572)	(20,006,250)	-	(584,237,822)
Interest rate sensitivity gap	-	37,996	-	37,996

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Liquidity risk (continued)

Interest Rate Sensitivity 2021	Fixed Interest rate £	Floating Interest rate £	Non-Interest Bearing £	Total £
Assets				
Loan	516,936,449	-	-	516,936,449
Liquidity facility	-	20,006,250	-	20,006,250
Cash and cash equivalents	-	22,521	-	22,521
Total assets	516,936,449	20,028,771	-	536,965,220
Liabilities				
Borrowings	(516,936,449)	-	-	(516,936,449)
Liquidity facility	-	(20,006,250)	-	(20,006,250)
Total liabilities	(516,936,449)	(20,006,250)	-	(536,942,699)
Interest rate sensitivity gap	-	22,521	-	22,521

If interest rates had been 1% higher/lower and all other variables were held constant, the interest income/expense in the Company's Statement of Comprehensive income for the year ended 31 December 2022 would decrease/increase by £480,147 (2021: decrease/increase by £457,717).

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The objective of the Company's liquidity management is to ensure that sufficient funds are available to meet the Company's commitments as they fall due. Liquidity risk is minimised by the fact that the loans are only repayable on legal maturity to the extent that the cash is available.

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 Intercompany 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 financial year, £nil (2021: £9,835,805) was drawn down under the Liquidity Facility which was paid in cash and advanced to the borrower. The Liquidity Facility bears a fixed interest rate of 1.75% +SONIA plus a step-up margin which applies to drawings that have been continuously drawn for 12 months or longer, at an additional margin of 0.50% for each year of continuous drawing. Any amounts due to be paid by the Borrower in connection with the Liquidity Facility rank senior to the New Money Notes.

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, with an expected maturity date of 5 December 2024 and final maturity date of 6 December 2028. If not otherwise redeemed or purchased and cancelled on the expected maturity date, the Notes will be redeemed at their principal amount outstanding on the interest payment date falling on 6 December 2028. The Company does not have any contingent liabilities. The table below analyses the undiscounted cash flows of the financial liabilities at the balance sheet date into relevant maturity groupings based on their expected payment dates.

2022	Carrying Value £	Less than 1 year £	1 year to 2 years £	2 years to 3 years £	Over 3 years £	Gross Cashflows £
Notes	564,231,572	-	564,231,572	-	-	564,231,572
Liquidity facility	20,006,250	-	-	-	20,006,250	20,006,250
Interest payable	1,492,607	21,336,256	166,776,865	5,264,801	1,960,285	195,338,208
	585,730,429	21,336,256	731,008,437	5,264,801	21,966,535	779,576,030

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Liquidity risk (continued)

2021	Carrying Value £	Less than 1 year £	1 year to 2 years £	2 years to 3 years £	Over 3 years £	Gross Cashflows £
Notes	516,936,449	-	516,936,449	-	-	516,936,449
Liquidity facility	20,006,250	-	-	-	20,006,250	20,006,250
Interest payable	1,453,536	20,239,153	98,398,861	334,608	1,846,953	120,819,575
	538,396,235	20,239,153	615,335,310	334,608	21,853,203	657,762,274

17. 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 note 4. 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. The Company's financial instruments comprise the Loan, the Notes and cash and cash equivalents.

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 2022 Book value £	31 December 2022 Fair value £	31 December 2021 Book value £	31 December 2021 Fair value £
Assets				
Loan	370,184,504	172,591,121	398,644,698	267,380,500
Liquidity facility	20,006,250	20,006,250	20,006,250	20,006,250
	390,190,754	192,597,371	418,650,948	287,386,750
Liabilities				
Notes	564,231,572	263,061,686	516,936,449	267,380,500
Liquidity facility	20,006,250	20,006,250	20,006,250	20,006,250
	584,237,822	283,067,936	536,942,699	287,386,750

The Notes are listed on the Euronext Dublin. 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:

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Fair value of financial assets and liabilities (continued)

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. Transfers into and transfers out of the fair value hierarchy levels are recognised on the date of the event or change in circumstance that caused the transfer. There were no transfers into or out of the fair value hierarchy for the above financial assets and liabilities during the year (2021: none).

The fair value of these instruments is determined with the help of management experts using internally generated valuation models, which are developed from generally accepted valuation models. The majority of the significant inputs into these models are observable in the market, and are derived from quoted market prices. The selection of the appropriate valuation model, as well as the determination of key inputs used such as the expected future cash flows on the financial instrument and the appropriate discount rate to be used, require management judgement and estimation. The Company adjusts fair value estimates derived from models for any factors, such as credit risk, liquidity risk or model uncertainties.

Analysis of net debt

The following table shows the analysis the Company's net debt:

Analysis of net debt			**Non-cash changes**		
	As at 1-Jan-22	**Cash flows**	**Interest expense**	**Amortisation of discount on note**	**As at 31-Dec-22**
Cash and cash equivalents	**£**	**£**	**£**	**£**	**£**
Cash and cash equivalents	22,521	15,475	-	-	37,996
	22,521	15,475	-	-	37,996
Borrowings					
Borrowings due after 1 year	(516,936,449)	-	(20,279,815)	(27,015,308)	(564,231,572)
Liquidity facility	(20,006,250)	-	-	-	(20,006,250)
Net Debt	**(536,920,178)**	**15,475**	**(20,279,815)**	**(27,015,308)**	**(584,199,826)**

Analysis of net debt			**Non-cash changes**		
	As at 1-Jan-21	**Cash flows**	**Interest expense**	**Amortisation of discount on note**	**As at 31-Dec-21**
Cash and cash equivalents	**£**	**£**	**£**	**£**	**£**
Cash and cash equivalents	20,575	1,946	-	-	22,521
	20,575	1,946	-	-	22,521
Borrowings					
Borrowings due after 1 year	(481,462,894)	-	(10,235,101)	(25,238,454)	(516,936,449)
Liquidity facility	(10,170,445)	(9,835,805)	-	-	(20,006,250)
Net Debt	**(491,612,764)**	**(9,833,859)**	**(10,235,101)**	**(25,238,454)**	**(536,920,178)**

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18. 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 1 Bartholomew Lane, London, EC2N 2AX.

Although Intertrust have appointed a Board of Directors (see page 2 under Directors and other information), the powers available to them are severely limited. In the event of default, decisions of the Company are made by the Noteholders. Accordingly, there is no controlling party.

19. Issued share capital

	31-Dec-22 £	31-Dec-21 £
Issued, called up and allotted:		
49,999 ordinary shares of £1: 25 pence called and paid	12,500	12,500
1 ordinary shares of £1 each: 1 fully paid	1	1
	12,501	12,501

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

20. 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.

21. Related party transactions

During the year fees of £32,849 (2021: £61,901) 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 the intercompany Loan on the balance sheet amounted to £390,190,754 (2021: £418,650,948). Accrued cash interest on the Loan on the balance sheet amounted to £1,492,607 (2021: £1,453,536). During the year interest receivable on the Loan amounted to £48,014,762 (2021: £45,771,707). Other operating income amounting to £4,694,318 (2021: £2,112,388) were received from The Metrocentre Partnership in respect of amounts charged during the year by the Company to the Borrower to cover the expenses incurred by the Company. The Intercompany Loan is advanced to The Metrocentre Partnership.

22. Subsequent events

On 27 April 2023 the directors of Metrocentre launched the ninth consent solicitation which includes, inter alia, provisions to allow the funds in the Partnerships Development Account to be used to pay cash coupon payments in respect of the Public Notes.

In addition, the Company paid a full 4.125% "cash pay" coupon on its listed notes on the 6 June 2023 IPD, the first cash pay coupon paid since 2021. It is the intention to restart regular biannual coupon payments as long as the business continues to operate within the modelled parameters.

On 31 May 2023, the Company drew down an amount of £20,006,250 against the Liquidity Facility held with HSBC Bank Plc.

There have been no other significant events affecting the Company since the year end.