

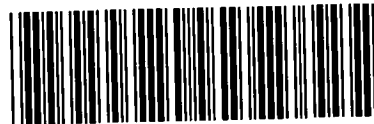
Company Number 4707160

VCP NOMINEES NO.2 LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021**

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VCP NOMINEES NO.2 LIMITED

DIRECTORS AND OTHER INFORMATION

Directors	Jeremy Michael Jorgen MalherbeJensen Neil Jonathan Robson Andrea Trozzi
Company Number	4707160
Registered Office	5 Churchill Place, 10th Floor London E14 5HU
Company Secretary and Registered Office	CSC Corporate Services (UK) Limited 5 Churchill Place, 10th Floor London E14 5HU
Bankers	HSBC Bank PLC 8 Canada Square, London E14 5HQ

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and financial statements of VCP Nominees No.2 Limited (the "Company") for the year ended 31 December 2021.

The Company is incorporated and registered in England and Wales (company number 4707160). The Company's registered office is 5 Churchill Place, 10th Floor, London, England, E14 5HU.

The Company is exempt from the requirement to prepare a separate Strategic Report in accordance with Section 414B(b) of the Companies Act 2006.

Principal activities

The Company is a wholly owned subsidiary of VCP (GP) Limited (the "General Partner"), which acts as the general partner of The Victoria Centre Partnership (the "Limited Partnership"). The Limited Partnership owns Victoria Centre, Nottingham (the "Property"). The Company is a subsidiary within the SGS Holdco Limited group (the "Group" or "SGS"). In addition to the Property, the Group currently owns and operates three shopping centres in the United Kingdom (together with the Property, the "Properties"): Lakeside and Atria Watford in England, and Braehead in Scotland. The Group was historically part of the Intu Properties group and the acquisition and development of the Properties were funded through a combination of external debt finance and intercompany debt and equity provided by other Intu group companies.

Dividends

No dividend was paid in the current or prior year. The directors do not recommend a dividend for 2021.

Capital Management

The directors consider the capital of the Company to be the ordinary share capital of £1 (2020: £1). Management of this capital is performed at a Group level.

Financial Risk Management

The financial risks of the Company are managed at a Group level as disclosed in the SGS Holdco Limited consolidated financial statements.

Review of business and future developments

The Company is currently dormant. Future developments are largely contingent on the events and conditions set out in the going concern section within note 3.

Going concern

The directors have prepared the financial statements on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and will have adequate funds available to meet its obligations as they fall due.

In considering the appropriateness of this assumption, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to cease trading and place the Company into liquidation. Full detail in respect of going concern is set out in note 3.

Subsequent events

Relevant subsequent events are described in the Strategic Report and in note 6 to the financial statements.

Charitable and political donations

The Company did not make any political or charitable donations during the financial year (2020: £nil).

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements are set out below:

Jeremy Michael Jorgen Malherbe Jensen
Neil Jonathan Robson
Andrea Trozzi

CSC Corporate Services (UK) Limited acted as company secretary for the financial year ended 31 December 2021, and subsequently.

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 2021 or at any time during or since the financial year ended.

Directors' indemnity provision

A qualifying third party indemnity provision (as defined in S234 of the Companies Act 2006) is in force for the benefit of the directors of the Company during the financial year and at the date of the approval of the financial statements. The Group maintains directors' and officers' insurance which is reviewed annually.

Statement of directors' responsibilities in respect of 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 UK adopted international accounting standards.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent auditor

The Company is exempt under section 480 of the Companies Act 2006 from the provisions of part 16 of this Act relating to the audit of financial statements.

Streamlined Energy and Carbon Reporting ("SECR")

As the Company has no employees and primarily conducts its business at the offices of the Company Secretary the Company is not directly responsible for the consumption of electricity and gas in the UK, nor is the Company responsible for greenhouse gas emissions related to transport in the UK.

As the Company did not consume more than 40,000 kWh of energy during the year ended 31 December 2021, it has nothing to report

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)


Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved confirm that to the best of their knowledge:

- 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 Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance.

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

On behalf of the Board



Andrea Trozzi

Director

23 June 2022

VCP NOMINEES NO.2 LIMITED

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

There are no items of income and expense and accordingly no statement of comprehensive income has been prepared.

The notes on pages 9 to 13 form part of these financial statements.

VCP NOMINEES NO.2 LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2021**

	Note	31-Dec-21 £		31-Dec-20 £
Current assets				-
Trade and other receivables		<u>1</u>	-	-
Total assets		<u>1</u>	-	-
Net assets		<u>1</u>	=	=
Equity				
Share capital	4	<u>1</u>	-	-
Total equity		<u>1</u>	=	=

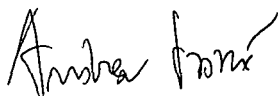
For the year ending 31 December 2021, the Company was entitled to exemption from audit under section 480 of the Companies Act 2006.

The members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The notes on pages 9 to 13 form part of these financial statements.

The financial statements of VCP Nominees No.2 Limited (registration number 4707160) were approved and authorised for issue by the Board of Directors on 23 June 2022 and signed on its behalf by:



Andrea Trozzi
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £
At 1 January 2020	1
Profit for the year	-
Total comprehensive income for the year	-
At 31 December 2020	<u>1</u>
At 1 January 2021	1
Profit for the year	-
Total comprehensive income for the year	-
At 31 December 2021	<u>1</u>

The notes to the financial statements on pages 9 to 13 form an integral part of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1 General information

Reporting entity

VCP Nominees No.2 Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 2.

The nature of the Company's operations and its principal activities are set out in the directors' report on page 3.

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

Statement of compliance

These financial statements have been prepared on a going concern basis and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and have been prepared in accordance with the requirements of the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The Company has taken advantage of certain disclosure exemptions in FRS 101 as its financial statements are included in the publicly available consolidated financial statements of SGS Holdco Limited. Copies of those consolidated financial statements can be obtained from SGS Holdco Limited at 5 Churchill Place, 10th Floor, London, E14 5HU.

In preparing the Company financial statements the Company has taken advantage of the following disclosure exemptions available under FRS 101, and therefore the Company financial statements do not include:

- certain comparative information as otherwise required by IFRS
- disclosures regarding the Company's management of capital
- a statement of cash flows
- disclosures in respect of financial instruments
- disclosures in respect of IFRS 13 fair value measurement
- disclosure of related party transactions
- the effect of future accounting standards not yet adopted

The disclosure exemptions have been adopted because equivalent disclosures are included in the SGS Holdco Limited consolidated financial statements into which the Company is consolidated. A summary of the significant accounting policies as applied to the Company is set out below.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

2 Adoption of new and revised standards

There were a number of narrow scope amendments to existing standards which were effective from 1 January 2021. None of these had a material impact on the Company.

3 Significant accounting policies

The principal accounting policies that the Company applied in preparing its financial statements for the financial year ended 31 December 2021 are set out below.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

Going concern

The directors have prepared the financial statements on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and will have adequate funds available to meet its obligations as they fall due.

In considering the appropriateness of this assumption, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to cease trading and place the Company into liquidation. In making this assessment the directors have considered that the Company's going concern status is intrinsically linked to the prospects of the group of companies to which it belongs (the "Group"), the parent company of which is SGS Holdco Limited. The principal activities of the Group are investment, management and development of shopping centres.

The impact of COVID-19 on the UK retail and real estate industries has been significant and is reflected in the valuation of the Properties and the expected credit losses recognised by the Group in respect of its trade receivables. Recognition of these valuations and expected credit losses has resulted in a significant negative equity position for the Group at both 31 December 2021 and 31 December 2020.

However, as described in the Strategic Report, the Company and the Group have, since the administration of Intu Properties plc, been in proactive discussions with both tenants and all classes of creditor, and have developed a three year business plan for the current market environment. On the basis of this business plan, on 16 July 2021 the Company, amongst others, became party to the Fifth Master Amendment Agreement, which gave effect to a financial restructuring of the Group. Amongst other terms, the Fifth Master Amendment Agreement removed the requirement for interest on any of the Group's debt to be paid in cash, unless the Group has sufficient excess cash to fund such payments. The financial covenants under the Finance Documents (with which the Group was not able to comply from 30 June 2020 onwards) were also removed and replaced with i) a revised loan to value covenant, which reflects the reduction in the valuation of the Properties during 2020 and was tested for the first time on 31 December 2021; ii) a minimum cash net rental income covenant, which has been set based on the Group's three year business plan and was tested for the first time on 31 March 2022; and iii) a minimum liquidity covenant, including cash and undrawn facilities, of £5 million, which was tested for the first time on 30 June 2021. The Group has complied with all of the new covenants at each relevant test date since their introduction, with substantial headroom against each. Based on the base case financial forecasts which support the Group's business plan, which were updated on 2 March 2022 and approved by creditors on 30 March 2022, the Group expects to remain compliant with these covenants for the foreseeable future.

The Fifth Master Amendment Agreement extended, where necessary, the maturity of all debt facilities until at least 31 March 2024, providing the Group with a clear runway to execute its business plan and ultimately sell the properties. As part of the financial restructuring, the Group also secured £86.9 million in Super Senior New Money to fund the execution of its business plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (continued)

Going concern (Continued)

As such, based on the stable footing provided by the recent financial restructuring, the current cash position and the forecasts indicating the continued liquidity of the Group for the three year business plan period even under reasonably plausible downside scenarios, the directors consider that the going concern basis of preparation is appropriate for the Company's financial statements for the year ended 31 December 2021, and that there exists no material uncertainty as to the Company's ability to continue as a going concern.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised Cost

These assets arise principally from the provision of goods and services to customers (eg trade debtors), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for expected credit losses.

When applying a loss allowance for expected credit losses, judgement is exercised as to the collectability of trade receivables and to determine if it is appropriate to impair these assets. When considering expected credit losses, management has taken into account days past due, credit status of the counterparty and the status of negotiations between the Company and the counterparty. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Significant accounting policies (continued)**Current/non-current classification**

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

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting judgements and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty in the preparation of these financial statements.

Critical accounting judgements

Going concern – when preparing the financial statements, management is required to make an assessment of the entity's ability to continue as a going concern and prepare the financial statements on this basis unless it either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. As set out earlier in this note, there are no events or conditions that indicate a material uncertainty exists in relation to going concern.

4 Share capital

	2021 £	2020 £
Issued, called up and fully paid		
1 (2020: 1) ordinary share of £1	<u>1</u>	<u>1</u>

100% of this share capital was held by VCP (GP) Limited, a subsidiary within the SGS Holdco Limited group.

5 Ultimate controlling party

The immediate parent company is VCP (GP) Limited (registered number: 08355675), a company registered in England and Wales. The registered office of this entity is 5 Churchill Place, 10th Floor, London, E14 5HU.

On 28 October 2021 the Company, along with SGS Holdco Limited and other members of the Group, entered into agreements with Intu Properties plc (in administration) and various other subsidiaries of the Intu group (the "Intu Parties") which resulted the consensual transfer of 100% of the share capital in SGS Holdco Limited from Intu (SGS) Topco Limited to a new holding company independent of the Intu group.

As such, with effect from 28 October 2021, the ultimate parent company of the Company is SGS (Jersey) Newco Limited, a company incorporated and registered in Jersey, Channel Islands. The registered address of SGS (Jersey) Newco Limited (registered number: 138555) is Charter Place, 23-27 Seaton Place, St. Helier, JE1 1JY, Jersey.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

6 Subsequent events

The following subsequent events are relevant to the Company by virtue of the fact that it is a subsidiary within the SGS Holdco Limited group (the "Group").

The Group's 2022 Business Plan & Exit Strategy Update was published on 2 March 2022 and approved by its creditors, via a negative consent process, on 30 March 2022.

On 4 April 2022, a number of the members of the Group entered into a Settlement Agreement with Intu Retail Services Limited (in administration), the purpose of which was to settle substantially all outstanding matters between the Group and the Intu group.