

Company registration number 04144192 (England and Wales)

LAKESIDE CENTRE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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LAKESIDE CENTRE LIMITED

COMPANY INFORMATION

Directors	Jaap Tonckens Jonathan Matthew Lurie Christopher Bryan Harris Peter Wodehouse Williams	(Appointed 8 May 2024) (Appointed 8 May 2024) (Appointed 16 May 2024) (Appointed 16 May 2024)
Secretary	CSC Corporate Services (UK) Limited	
Company number	04144192	
Registered office	5 Churchill Place 10th Floor London E14 5HU	
Auditor	BDO LLP 55 Baker Street London W1U 7EU	
Bankers	Lloyds Bank plc 25 Gresham Street London EC2V 7HN	
	HSBC Bank PLC 8 Canada Square London E14 5HQ	
Asset Manager	Pradera Lateral Limited 3rd Floor 345 Oxford Street London W1C 2JD	
Property Manager	Savills (UK) Limited 163 West George Street Glasgow G2 2JJ	

LAKESIDE CENTRE LIMITED

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LAKESIDE CENTRE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present the strategic report of Lakeside Centre Limited (the "Company") for the year ended 31 December 2024.

Principal activities

The principal activity of the Company is the ownership and management of Lakeside Shopping Centre, Thurrock Way, Essex ("Lakeside" or the "Property").

Business review

The Company is a subsidiary within the group headed by Granite Holdco Limited (the "Group"). In addition to the Property, the Group currently owns and operates other shopping centres in the United Kingdom (together with the Property, the "Properties"): The Victoria Centre, Nottingham and Atria Watford in England, and Braehead Shopping Centre and Retail Park ("Braehead") in Scotland.

2024 was a year of further progress and value creation for the Group. A reorganisation of the Group's capital structure was completed and a number of key asset management initiatives were delivered or agreed.

There are numerous major asset management initiatives currently progressing at Lakeside, the main one being the subdivision and reletting of the 164,000 sqft ex-M&S store in the centre of the scheme. The expectation is that this will form a combination of retail and leisure space. The first unit to be created from this subdivision, a 26,000 sqft retail unit fronting onto the lower mall, has been let to JD Sports and is expected to open in Q3 2025. There are numerous other initiatives underway, including the letting to Next of the vacant ex-House of Fraser anchor store at the southern end of the centre. The new Next flagship store is expected to open in July 2025. Terms have also been agreed with Holland & Barrett for a new lease including a major refurbishment of their unit.

A total of 18 leases exchanged or completed in 2024, with a combined annual Net Rental Income of £2.5 million.

Footfall for calendar year 2024 was 16.5 million, an increase of +0.1% on 2023.

The Company's results for the year ended 31 December 2024 and its financial position at the end of it are set out in full in the accompanying financial statements. Net rental income for the Company in the year was £30.9 million (2023: £32.4 million). The Company's loss before tax was £78.2 million (2023: £27.6 million), which is stated after £101.7 million (2023: £76.8 million) of finance costs in respect of the amounts owed to Group undertakings. This loss has increased the Company's net liabilities at 31 December 2024 to £618.4 million (2023: £545.8 million).

The independent third party valuation of the Property as at 31 December 2024 was relatively stable at £468.0 million, 0.9% higher than the £464.0 million valuation at 31 December 2023, after £8.1 million of capital expenditure in the year. The 31 December 2024 valuation is 14.1% higher than the valuation low point in June 2021 of £410.0 million, with the growth driven almost entirely by increasing income, the execution of the asset management strategy and the consequent beneficial impact on net income and Expected Rental Values ("ERV"). Market yields remained stable in an environment in which high interest rates continued to limit transaction volumes.

In April 2024, the Group completed a landmark £445.0 million refinancing led by Lloyds Bank plc ("Lloyds"), a new third party lender. Lloyds successfully syndicated the financing in July 2024. The facilities, which are secured against the Group's properties and other assets, comprise i) a fully drawn £395.0 million term loan and ii) a £50.0 million capex facility, which can be drawn to fund certain capital requirements. Both facilities have a maturity date of January 2028, with a one year extension option subject to lender consent, and bear interest at a floating rate. The Group has hedged its exposure to interest rate risk on the term loan facility by purchasing an interest rate cap, such that the all-in annual interest cost is expected to be c.8.5%. No repayments of principal are due until maturity of the facilities.

LAKESIDE CENTRE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Also in April 2024, the Group successfully concluded a broader capital structure reorganisation. The term loan proceeds and existing cash reserves were utilised in making a £444.0 million partial repayment of the Group's various borrowings. The remaining borrowings (which totalled £1.3 billion of principal plus capitalised and accrued interest) were then cancelled, with the Group's former creditors being issued with £1.3 billion of newly-issued PIK Notes and new equity or Alternative Upside Instruments ("AUIs") in exchange. The PIK Notes were issued by SGS Finco Limited, a fellow Group undertaking, and the equity / AUIs were issued by Granite Holdco Limited, the ultimate parent company.

The PIK Notes are subordinated to the new senior facilities, have a maturity date of April 2044 and carry an interest rate of 10.0% p.a., with interest capitalising quarterly. They are stapled to the new shares / AUIs in Granite Holdco Limited, so cannot be traded separately. The PIK Notes and the AUIs were listed on The International Stock Exchange ("TISE") in June 2024.

A further Group undertaking, SGS Optionco Limited, holds a call option to acquire the outstanding PIK Notes for a nominal sum. This option is only exercisable once all of the Properties have been sold and the proceeds used to discharge the Group's borrowings in accordance with the finance documents to which the Group is subject, providing a mechanism for the solvent liquidation of the Group once all Properties have been sold. No commitment to sell the Properties has been made, either during the reporting period or subsequently, and as such the option is not currently exercisable. All directors of the Company are also directors of SGS Finco Limited and SGS Optionco Limited.

The capital structure reorganisation has facilitated a shift to a new market standard governance and management structure for the Group, designed to follow a typical real estate privately-owned structure and empower a newly constituted board of directors to take commercial and operational decisions. As part of this, in May 2024, the previous board members resigned and new directors were appointed, all of whom have extensive retail, real estate and investment experience. The board of directors is now led by Jaap Tonckens, former Chief Financial Officer of Unibail-Rodamco-Westfield, as non-executive chairman. The Group appointed a new Chief Executive Officer, Claire Barber, and a new asset manager for the Properties, Pradera Lateral Limited, in September 2024 and October 2024, respectively.

Principal risks and uncertainties

The Company faces largely those risks and uncertainties faced by the Group. The Group categorises its principal risks and uncertainties using the following categories: Financing, Property Market and Operations. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the Granite Holdco Limited annual report and financial statements.

Key performance indicators

The directors are of the opinion that the financial information and accompanying narrative provided in the Business review section of this report provides sufficient understanding of the development, performance and position of the Company and that further analysis using KPIs is not necessary for this purpose.

Business relationships

The Board makes decisions for the long-term success of the Company and its stakeholders and complies with the requirements of section 172 of the Companies Act 2006. The directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 as follows:

a) The likely consequences of any decision in the long-term:

All decisions taken by the Board are taken only after consideration of the long-term consequences of those decisions for all relevant stakeholders. The directors are mindful that the Property has been serving its community for more than 30 years, and that decisions taken today are likely to have an impact beyond their tenure. This is particularly true in respect of leasing decisions and capital investment. Appraisals for each of these decisions consider the cost and benefit of the proposed actions over the full course of their life, and not just the current business plan period.

LAKESIDE CENTRE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

b) The interests of employees:

The Company operates an outsourced model, and had no employees during the reporting period. The Group does have a limited number of employees. The individuals working at the Property are employed by the Group's appointed property manager, Savills. Nevertheless, the Board considers the impact of decisions on these individuals regularly, including as part of the annual review of service charge budgets. The Company strongly opposes slavery and human trafficking in any form. The steps taken by the Company, directly and through contractors to ensure slavery and human trafficking are not occurring in any part of its business or supply chains are set out in the Group's Statement on Transparency in Supply Chains, which can be read at <https://modern-slavery-statement-registry.service.gov.uk/statement-summary/C7D3roxL/2024>.

c) The need to foster business relationships with suppliers, customers and others:

- Suppliers - As we rely on our suppliers to help our business run smoothly, from day-to-day operations through to the construction of major developments, we aim to have open, transparent and long-term relationships to ensure they maintain the same high standards we set ourselves. This includes ensuring that they adhere to the Modern Slavery regulations, as set out in (b) above.
- Customers (tenants) - Building strong business relationships with our customers is a key part of our business model. Leases are entered into and terminated in the ordinary course of the Company's business. Since the entry into administration of former parent company Intu Properties in June 2020 and the appointment of new asset managers and property manager, the Group has made it a priority to engage proactively with tenants to agree fair and sustainable long- and short-term tenancy deals which reflect the circumstances and strategic intent of both parties. In many cases this has involved the Group investing alongside tenants to ensure that interests are aligned, that leases are affordable and sustainable for the long-term, and that customers are provided with the most appealing shopping experience possible.
- Others - Shopping centres are at the heart of their respective communities and have a social responsibility to their customers (shoppers), as well as to community stakeholders such as local authorities, charities and community organisations and the local business community. The Company's management team operates a proactive outreach programme which ensures that the Property remains central to its community, details of which are reported to the Board monthly, along with operational KPIs such as mystery shopper scores. This is co-ordinated further at a Group level, as part of the Group's ESG strategy, to result in best practice being shared more widely within the Group. See further information on the ESG strategy under (d) below.

d) The impact of operations on the community and the environment:

As a Company and as part of the Group, we have taken significant steps to develop and support our aspirations to deliver sustainability, social value and a wider ESG programme. We are going beyond our legal obligations to ensure that the property portfolio is resilient, future-proofed and working towards ESG initiatives that will maintain and add value, and continue to meet increasing market requirements.

Following Group Board approval of an ESG strategy during 2022, good progress has been made on all key medium-and high-impact deliverables identified as priorities for 2024:

- ISO14001: Lakeside is not yet certified to the Environmental Management System Standard ISO14001 but is due to complete certification in 2025.
- Solar PV: The Group has undertaken feasibility studies for solar across all assets. The delivery models and business case for solar PV is currently being reviewed by the Group.
- Net Zero Technical Assessments: All centres have had full net zero technical assessments undertaken including full energy and carbon modelling. The Group is currently reviewing how to proceed with implementation of net zero programmes across each asset.
- Social Value: Following a comprehensive local needs assessment, a social value reporting framework was put into place focused on priority issues for the centre and the local geography.

LAKESIDE CENTRE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

- Building Research Establishment Environmental Assessment Methodology (BREEAM) In-Use: The scheme is certified to the BREEAM In-Use standard with a rating of Part 2 – Very Good. The certification lasts for 3 years and we are exploring opportunities to increase green building certification ratings and credentials across all assets.
- Energy Performance Certificates (EPC): From April 2023 landlords of privately rented property in England and Wales must ensure that their properties reach at least an EPC rating of E before granting a new tenancy to new or existing tenants. All of the tenanted areas for the scheme are now covered by an EPC following an extensive exercise in 2024 to assess units without a valid or compliant certificate. We have seen considerable improvements in EPC ratings following this exercise and there are no non-compliant EPCs across the portfolio. Of 107 reassessments recently undertaken across the Group no units scored below a C rating.

We will continue to develop, implement and report across ESG, net zero and energy efficiency themes in future years.

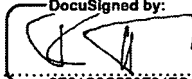
e) The desirability of maintaining a reputation for high standards of business conduct:

Following the administration of Intu Properties and the subsequent migration of the Properties to a standalone structure, it was critical that the Board of the new Group was able to establish trust with all stakeholders in order to ensure that the Group was viewed as a credible counterparty for the long-term. This was particularly important during an extended period during which retailers and other stakeholders were heavily affected by the COVID-19 pandemic, the wars in the Middle East and Ukraine and a highly uncertain macroeconomic environment. The Group, supported by its asset manager and property manager, has adopted an approach based on transparency, partnership and delivery in order to build this trust. Financial stability was delivered in 2021 and further reinforced in 2024 through the financial restructuring (including the raising of additional funds for investment in and alongside tenants). The success achieved in leasing since migration, including attracting premium retailers to sign landmark leases for flagship stores, is testament to the collaborative, swift and trustworthy reputation that the Group has built with key tenants.

f) The need to act fairly as between members:

As described above, the Board is conscious of the need to act fairly, professionally and with integrity in all of its dealings, and in making decisions the Board regularly takes the advice of relevant experts, including legal counsel and other subject matter specialists. Conflicts of interest, where they arise, are disclosed at the start of each Board meeting, and relevant legal advice is taken in order to address these to ensure they do not compromise the integrity of decisions made by the Board.

On behalf of the board

DocuSigned by:

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Jaap Tonckens

Director

02-06-2025 | 01:31 PDT

Date:

LAKESIDE CENTRE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their annual report and financial statements of the Company for the year ended 31 December 2024.

Results and dividends

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Jeremy Michael Jorgen Malherbe Jensen	(Resigned 8 May 2024)
Neil Jonathan Robson	(Resigned 8 May 2024)
Andrea Trozzi	(Resigned 8 May 2024)
Jaap Tonckens	(Appointed 8 May 2024)
Jonathan Matthew Lurie	(Appointed 8 May 2024)
Christopher Bryan Harris	(Appointed 16 May 2024)
Peter Wodehouse Williams	(Appointed 16 May 2024)

Qualifying third party indemnity provisions

A qualifying third party indemnity provision was in force for the benefit of the Company's directors during the year. These provisions remain in force at the reporting date. The Group maintains directors' and officers' insurance which is reviewed annually.

Financial instruments

The directors consider the Company's capital to be its ordinary share capital of £196.0 million (2023: £196.0 million). Management of this capital is performed at a Group level.

The financial risks of the Company are managed at a Group level as disclosed in the Granite Holdco Limited annual report and financial statements.

Future developments and subsequent events

The Company is expected to continue in its role of owning and managing the Property for the foreseeable future.

There have been no events subsequent to the reporting date that the directors consider require disclosure in these financial statements.

LAKESIDE CENTRE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

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 in operation for 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.

At 31 December 2024, the Company continued to show a significant negative equity position, which reflected the impact of various historical economic factors on the valuation of the Property.

However, since the financial restructuring and legal and operational separation from Intu Properties which were achieved in 2021, the Group has been financially and operationally stable and supported by borrowing facilities which have enabled it to operate with flexibility and remain solvent as a result of the call option held by fellow group undertaking SGS Optionco Limited.

The refinancing completed in April 2024 saw the Group raise £445.0 million of new senior debt finance which will mature in January 2028, subject to a one year extension option upon agreement between the Group and the lenders. The proceeds were utilised to partially repay the Group's previous borrowings, with the remainder exchanged for new PIK Notes issued by a fellow Group company and new equity (or alternative upside instruments) issued by the ultimate parent company. The PIK Notes mature in April 2044 and have no requirement for the interest accruing thereon to be paid in cash. As such, the Group is supported by appropriate, conventional long-term real estate financing which provides it with the flexibility to further develop and optimise the Properties, and ultimately sell them at a time which maximises returns to investors.

The senior finance put in place in April 2024 contains three financial covenants which are tested quarterly. The covenant levels were set based on the Group's business plan at that time, with sufficient headroom to allow for unexpected variances to the business plan forecasts. Based on the latest cash flow forecasts, both base case and downside, the Group expects to be cash generative and remain compliant with these covenants for at least the duration of the going concern period to 30 June 2026. Covenants are managed and monitored at a Group level.

The Company's net liabilities at 31 December 2024 of £618.4 million include amounts owed to fellow Group undertakings SGS 2020 Limited and SGS New Finco Limited of £906.0 million and £197.0 million respectively under a subordinated intercompany loan agreement. SGS 2020 Limited and SGS New Finco Limited have indicated to the Company that, subject to the provisions of the Group's finance documents and there being no event of default under those finance documents, it is their intention to only demand repayment of those amounts to the extent that the Company has sufficient liquid funds to make repayment.

As a result, the directors consider that the going concern basis of preparation remains appropriate for the Company's financial statements for the year ended 31 December 2024.

Auditor

BDO LLP have expressed their willingness to continue in office. An ordinary resolution for the re-appointment of BDO LLP will be proposed in accordance with the timeframes set out in section 485 of the Companies Act 2006.

Energy and carbon report

The Company is classed as a large company for the purposes of the SECR requirements. The Company's reporting obligations in this regard are satisfied by its inclusion in the consolidated SECR information which is disclosed in the Granite Holdco Limited annual report and financial statements. As such, the Company has nothing to report under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

LAKESIDE CENTRE LIMITED

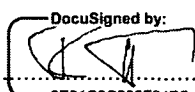
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

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Jaap Tonckens

Director

02-06-2025 | 01:31 PDT

Date:

LAKESIDE CENTRE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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.

LAKESIDE CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAKESIDE CENTRE LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lakeside Centre Limited ("the Company") for the year ended 31 December 2024 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

LAKESIDE CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAKESIDE CENTRE LIMITED (CONTINUED)

Other information

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

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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of our 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 material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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.

LAKESIDE CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAKESIDE CENTRE LIMITED (CONTINUED)

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.

Extent to which the audit was 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation and Companies Act 2006.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Health and Safety legislation and Modern Slavery regulations.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - o Detecting and responding to the risks of fraud; and
 - o Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

LAKESIDE CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAKESIDE CENTRE LIMITED (CONTINUED)

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, valuation of investment property and revenue recognition.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias on the valuation of the investment property by ensuring that the inputs used in the valuation, being principally the yield and the rental values, are reasonable and appropriate;
- Challenging the assumptions made by the independent valuer particularly with respect to those not in line with our expectation;
- Verifying revenue recognised back to the underlying lease agreements, rent reviews, invoices and cash receipts;
- Verifying lease incentives recognised back to the key terms of the lease agreements and performing recalculation of the expected lease incentives balance as at year end; and
- We also addressed the risk of management override of controls by evaluating whether there was evidence of bias by management and those charged with governance that represent a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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:

Chris Young

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Christopher Young (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

02 June 2025

Date:

BDO LLP is a limited partnership registered in England and Wales (with registered number OC305127).

LAKESIDE CENTRE LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 £m	2023 £m
Revenue*	4	53.5	54.7
Net rental income	4	30.9	32.4
Administrative expenses		(5.3)	-
(Loss)/gain on revaluation of investment property	8	(2.2)	16.8
Operating profit	5	23.4	49.2
Finance income		0.1	-
Finance costs	6	(101.7)	(76.8)
Loss before taxation		(78.2)	(27.6)
Tax on loss	7	5.6	-
Loss and total comprehensive income for the financial year		(72.6)	(27.6)

* Included in revenue is a net loss allowance provision charged against trade receivables totalling £0.4 million (2023: £1.0 million).

The notes on pages 16 to 27 form part of these financial statements.

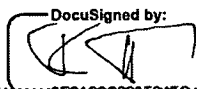
LAKESIDE CENTRE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2024**

	Notes	2024 £m	£m	2023 £m	£m
Non-current assets					
Investment property	8		468.0		464.0
Deferred tax asset	12		5.6		-
			<u>473.6</u>		<u>464.0</u>
Current assets					
Trade and other receivables	9	13.6		14.3	
Cash and cash equivalents	10	15.3		3.5	
		<u>28.9</u>		<u>17.8</u>	
Current liabilities					
Trade and other payables	11	1,120.9		1,027.6	
		<u></u>		<u></u>	
Net current liabilities			(1,092.0)		(1,009.8)
Net liabilities			<u>(618.4)</u>		<u>(545.8)</u>
Equity					
Called up share capital	13		196.0		196.0
Accumulated losses			(814.4)		(741.8)
			<u>(618.4)</u>		<u>(545.8)</u>
Total equity			<u>(618.4)</u>		<u>(545.8)</u>

The notes on pages 16 to 27 form part of these financial statements.

02-06-2025 | 01:31 PDT

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

DocuSigned by:


.....2E91C0C280F64FC.....

Jaap Tonckens

Director

Company registration number 04144192 (England and Wales)

LAKESIDE CENTRE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital £m	Accumulated losses £m	Total £m
Balance at 1 January 2023	196.0	(714.2)	(518.2)
Year ended 31 December 2023:			
Loss and total comprehensive income	-	(27.6)	(27.6)
	<u>196.0</u>	<u>(741.8)</u>	<u>(545.8)</u>
Balance at 31 December 2023	196.0	(741.8)	(545.8)
Year ended 31 December 2024:			
Loss and total comprehensive income	-	(72.6)	(72.6)
	<u>196.0</u>	<u>(814.4)</u>	<u>(618.4)</u>
Balance at 31 December 2024	<u>196.0</u>	<u>(814.4)</u>	<u>(618.4)</u>

The notes on pages 16 to 27 form part of these financial statements.

LAKESIDE CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

Company information

Lakeside Centre Limited (the "Company") is a private company limited by shares incorporated in England and Wales. The registered office is 5 Churchill Place, 10th Floor, London, E14 5HU. The Company's principal activities and nature of its operations are disclosed in the strategic report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £0.1 million.

The financial statements have been prepared under the historical cost convention, except for the revaluation of investment property, and in accordance with the Companies Act 2006. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- disclosure of certain comparative information as otherwise required under IAS 1;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosures in respect of financial instruments;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- disclosures required under IFRS 13 fair value measurement; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of Granite Holdco Limited. The consolidated financial statements of Granite Holdco Limited are available to the public and can be obtained as set out in note 16.

LAKESIDE CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.2 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 in operation for 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.

At 31 December 2024, the Company continued to show a significant negative equity position, which reflected the impact of various historical economic factors on the valuation of the Property.

However, since the financial restructuring and legal and operational separation from Intu Properties which were achieved in 2021, the Group has been financially and operationally stable and supported by borrowing facilities which have enabled it to operate with flexibility and remain solvent as a result of the call option held by fellow group undertaking SGS Optionco Limited.

The refinancing completed in April 2024 saw the Group raise £445.0 million of new senior debt finance which will mature in January 2028, subject to a one year extension option upon agreement between the Group and the lenders. The proceeds were utilised to partially repay the Group's previous borrowings, with the remainder exchanged for new PIK Notes issued by a fellow Group company and new equity (or alternative upside instruments) issued by the ultimate parent company. The PIK Notes mature in April 2044 and have no requirement for the interest accruing thereon to be paid in cash. As such, the Group is supported by appropriate, conventional long-term real estate financing which provides it with the flexibility to further develop and optimise the Properties, and ultimately sell them at a time which maximises returns to investors.

The senior finance put in place in April 2024 contains three financial covenants which are tested quarterly. The covenant levels were set based on the Group's business plan at that time, with sufficient headroom to allow for unexpected variances to the business plan forecasts. Based on the latest cash flow forecasts, both base case and downside, the Group expects to be cash generative and remain compliant with these covenants for at least the duration of the going concern period to 30 June 2026. Covenants are managed and monitored at a Group level.

The Company's net liabilities at 31 December 2024 of £618.4 million include amounts owed to fellow Group undertakings SGS 2020 Limited and SGS New Finco Limited of £906.0 million and £197.0 million respectively under a subordinated intercompany loan agreement. SGS 2020 Limited and SGS New Finco Limited have indicated to the Company that, subject to the provisions of the Group's finance documents and there being no event of default under those finance documents, it is their intention to only demand repayment of those amounts to the extent that the Company has sufficient liquid funds to make repayment.

As a result, the directors consider that the going concern basis of preparation remains appropriate for the Company's financial statements for the year ended 31 December 2024.

LAKESIDE CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.3 Revenue

Revenue comprises rental and service charge income receivable.

Rental income receivable is recognised on a straight-line basis over the term of the lease. Directly attributable lease incentives (e.g. rent free periods or cash contributions for tenant fit out) are recognised within rental income on the same basis as the underlying rental income.

Short-term, historical rent concessions are recognised in profit or loss in the period in which they are granted, net of any expected credit losses previously recognised in respect of the relevant receivables.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, the most significant being rents linked to tenant revenues or increases arising on rent reviews, are recorded as income in the periods in which they are earned. Rent reviews are recognised as income from the date of the rent review, based on management estimates. Estimates are derived from knowledge of market rents for comparable properties determined on an individual property basis and updated for progress of negotiations.

Service charge income is recorded over time in the year in which the services are rendered and the performance obligations are satisfied.

1.4 Investment property

Investment property is owned by the Company and held for long-term rental income and capital appreciation.

The Company has elected to use the fair value model. Investment property is initially recognised at cost and subsequently revalued at the reporting date to fair value as determined by professionally qualified external valuers on the basis of market value. Valuations conform with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards incorporating the International Valuation Standards and the UK National Supplement (the Red Book).

The main estimates and assumptions underlying the valuations are described in note 8.

The cost of investment property includes capitalised interest and other directly attributable outgoings incurred during development. Interest is capitalised on the basis of the average interest rate on the relevant debt outstanding. Interest ceases to be capitalised on the date of practical completion.

Gains or losses arising from changes in the fair value of investment property are recognised in profit or loss. Depreciation is not provided in respect of investment property.

Sales and purchases of investment property are recognised when control passes on completion of the contract. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.5 Interest expense

Interest expense is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

LAKESIDE CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.7 Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at 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.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost 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 arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

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

Impairment of financial assets

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.

1.8 Financial liabilities

The Company recognises financial liabilities when the Company becomes a party to the contractual provisions of the instruments. The Company does not have any financial liabilities classified as 'financial liabilities at fair value through profit or loss', so all are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

LAKESIDE CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Leases

A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are normally classified as operating leases.

Investment properties are leased to tenants under operating leases, with rental income being recognised on a straight-line basis over the lease term. For more detail see the revenue accounting policy above.

2 Adoption of new and revised standards and changes in accounting policies

The following new and revised standards and interpretations are effective for the current period:

- Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)
- Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)
- Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)
- Non-current Liabilities with Covenants (Amendment to IAS 1)

None of the above had any material impact on the Company.

LAKESIDE CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Going concern

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

Recognition of deferred tax assets

The directors have exercised their judgement in relation to the recognition of certain deferred tax assets and liabilities. In order to assess whether the Company should recognise a deferred tax asset or liability, the directors consider the timing and likelihood of expected future taxable profits of the Company and Group, along with how these expected future profits match up with the existing tax losses within specific Group entities. The completion of the capital reorganisation and debt refinancing of the Group in the current year is deemed to have increased the likelihood that future taxable profits will be generated in the short to medium term. Accordingly, it is judged appropriate to now recognise a net deferred tax asset in respect of certain unutilised tax losses and other timing differences which had been unrecognised in previous periods. The proportion of the Company's estimated available tax losses and other timing differences on which deferred tax has now been recognised is disclosed in note 12.

Key sources of estimation uncertainty

Valuation of investment property

See investment property note 8 as well as the publicly available annual report and financial statements of the ultimate parent company Granite Holdco Limited for details on the estimates and assumptions used in the valuation process and sensitivity thereof.

Loss allowance on trade receivables

The Company applies an Expected Credit Loss ("ECL") model to establish its loss allowance on trade receivables. The directors have estimated the loss allowance on trade receivables on a detailed, bottom-up basis, utilising information on actual post-balance sheet collections as well as knowledge of the financial position of each tenant and the status of discussions regarding settlement and tenancy agreement revisions. However, such estimates are inherently uncertain, and particularly so in periods of macroeconomic or retail sector uncertainty.

LAKESIDE CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

4 Revenue and net rental income

Revenue arose in the United Kingdom from continuing operations and in the opinion of the directors the Company carries on only one class of business.

	2024 £m	2023 £m
Rent receivable	41.1	40.7
Service charge income	12.4	14.0
Revenue	53.5	54.7
Service charge costs	(18.3)	(18.2)
Other non-recoverable costs	(4.3)	(4.1)
Net rental income	30.9	32.4

5 Operating profit

The operating profit for the year includes fees in respect of the auditor's remuneration of £30,000 for the audit of the Company's financial statements. In the prior year, audit fees of £26,766 in respect of the Company were settled by another Group company, SGS Finco Limited, and were not recharged.

No non-audit services were provided by the auditor to the Company during the current or prior year.

The directors did not receive or waive any emoluments in respect of their services to the Company during the current or prior year.

There were no individuals employed by the Company during the current or prior year.

6 Finance costs

	2024 £m	2023 £m
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	101.7	76.8

LAKESIDE CENTRE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2024**7 Taxation**

	2024	2023
	£m	£m
Deferred tax		
Recognition of previously unrecognised deferred tax assets (see note 12)	5.6	-
	<u>5.6</u>	<u>-</u>

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

	2024	2023
	£m	£m
Loss before taxation	(78.2)	(27.6)
	<u>(78.2)</u>	<u>(27.6)</u>
Expected tax credit based on a corporation tax rate of 25.00% (2023: 23.50%)	(19.6)	(6.5)
Effect of expenses not deductible in determining taxable profit	1.4	0.4
Income not taxable	-	(3.8)
Change in unrecognised deferred tax assets	-	(0.1)
Group relief	12.7	-
Corporate interest restriction disallowance	5.4	10.0
Recognition of previously unrecognised deferred tax assets	(5.5)	-
	<u>(5.6)</u>	<u>-</u>
Taxation credit for the year	(5.6)	-

LAKESIDE CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

8 Investment property

	2024 £m	2023 £m
Market value at 1 January	464.0	427.5
Additions	8.1	10.3
(Loss)/gain on revaluation	(2.2)	16.8
Movement in tenant incentives	(1.9)	9.4
Market value at 31 December	<u>468.0</u>	<u>464.0</u>
Cost at 31 December	<u>1,108.0</u>	<u>1,099.9</u>

Investment property represents the Lakeside Shopping Centre, Thurrock, Essex.

Included in investment property are tenant lease incentives balances totalling £27.3 million (2023: £29.2 million).

The Company is an obligor of the Group's senior loan facility. A fixed charge over the Company's investment property has been provided as part of the security for these borrowings.

Investment property is measured at fair value and is categorised as Level 3 in the fair value hierarchy as one or more inputs to the valuation are partly based on unobservable market data. The main estimates and assumptions underlying the valuation are described in the annual report and financial statements of the ultimate parent company, Granite Holdco Limited.

Transfers into and transfers out of fair value hierarchy levels are recognised on the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 for investment property during the year.

Valuation process and methodology

The Company's investment property has been independently valued by Knight Frank LLP in accordance with the definitions published by the Royal Institute of Chartered Surveyors ("RICS") Valuation - Global Standards (commonly known as the "Red Book"). Knight Frank LLP is among the most recognised professional firms within property valuation and has sufficient current local and national knowledge and skills and understanding to undertake the valuations competently.

Fair value of the investment property is calculated using the investment method/present value income approach. The main assumptions underlying the valuations are in relation to rent profile and yields.

The key driver of the property valuations is the terms of the leases in place at the valuation date. These determine the majority of the cash flow profile of the property for a number of years and therefore form the base of the valuation. The valuation assumes adjustments from these rental values in place at the valuation date to market rent (ERV) at the time of the next rent review and as leases expire and are replaced by new leases. The ERV is assessed based on evidence provided by the most recent relevant leasing transactions and negotiations. This is based on evidence available at the date of valuation and does not assume future increases in market rent.

Capital commitments

At 31 December 2024, the Board of Granite Holdco Limited had approved £9.0 million (2023: £21.4 million) of future expenditure for the purchase, construction, development and enhancement of the Property. Of this, £5.1 million (2023: £15.2 million) was contractually committed at the reporting date.

LAKESIDE CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

9 Trade and other receivables

	2024 £m	2023 £m
Trade receivables	6.2	4.0
Amounts owed by fellow group undertakings	0.1	-
Other receivables	0.6	3.2
Prepayments and accrued income	6.7	7.1
	<u>13.6</u>	<u>14.3</u>

Trade receivables are shown net of provisions for expected credit losses of £2.8 million (2023: £3.0 million), including VAT. Reference is made to the annual report and financial statements of Granite Holdco Limited, which explain how the Group manages and measures the credit quality of trade receivables.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

At 31 December 2024, other receivables comprise security deposits held by certain energy suppliers. At 31 December 2023, they comprised cash held by the Property Manager on behalf of the Company in order to fund service charge and non-recoverable expenditure, as well as security deposits held by certain energy suppliers.

10 Cash and cash equivalents

Cash and cash equivalents includes £8.5 million (2023: £0.9 million) of cash held in accounts maintained by the Property Manager on behalf of the Company. £7.2 million (2023: £Nil) of the £8.5 million is held in accounts which are used to collect rent and service charge income on behalf of the Company. Rent collected into these accounts is transferred on a monthly basis into the Group's rent account controlled by its lenders' facility agent, following the payment of certain operating costs associated with the management of the Property. Service charge collections are used to settle service charge expenditure in accordance with pre-approved budgets. The remaining £1.3 million (2023: £0.9 million) of cash held by the Property Manager relates to tenant deposits. These deposits comprise monies advanced by tenants to provide additional security to the Company in respect of the tenant's obligations under the lease. This cash can only be utilised by the Company in certain circumstances where a tenant is in breach of its lease obligations.

11 Trade and other payables

	2024 £m	2023 £m
Trade payables	0.7	1.3
Amounts owed to fellow group undertakings	1,103.2	1,010.1
Accruals and deferred income	5.9	6.2
Rents received in advance	7.3	7.5
Other taxes and social security	2.2	1.6
Other payables	1.6	0.9
	<u>1,120.9</u>	<u>1,027.6</u>

Amounts owed to group undertakings are unsecured and repayable on demand, with interest charged at rates agreed between the Company and the relevant Group undertaking.

LAKESIDE CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

12 Deferred taxation

	Assets	
	2024	2023
	£m	£m
Deferred tax balances	5.6	-

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Fixed asset timing differences £m	Short term timing differences £m	Losses and other deductions £m	Total £m
Liability at 1 January 2023 and 1 January 2024	-	-	-	-
Deferred tax movements in current year				
Credit/(charge) to profit or loss	2.5	(0.4)	3.5	5.6
Asset at 31 December 2024	2.5	(0.4)	3.5	5.6

Deferred tax assets have been recognised in respect of all tax losses and other timing differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

As at 31 December 2024 the Company had £Nil (2023: £10.1 million) of further unutilised tax losses and £133.9 million (2023: £111.9 million) of restricted corporate interest in respect of which no deferred tax asset has been recognised. No deferred tax asset was recognised in respect of this amount as the Company's ability to utilise it is dependent upon having sufficient interest capacity to enable reactivation of past restricted interest, which is considered uncertain. The value of the restricted interest to the Company in future will depend on various factors, including the prevailing rate of Corporation Tax in the United Kingdom which is currently 25%.

13 Share capital

	2024 Number	2023 Number	2024 £m	2023 £m
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	196,044,100	196,044,100	196.0	196.0

14 Contingent liabilities

The Company is an obligor under a £445.0 million senior loan facility provided to SGS New Finco Limited, a fellow group undertaking. The total amount due under this facility as at 31 December 2024 was £412.0 million, which is secured by fixed and floating charges over the assets of the Company and certain of its fellow group undertakings.

LAKESIDE CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

15 Operating leases

Lessor

The Company earns rental income by leasing its investment property to tenants under operating leases. Leases are entered into and terminated in the ordinary course of the Company's business.

In the UK the standard shopping centre lease is for a term of 3 to 10 years. Standard lease provisions include service charge payments, recovery of other direct costs and periodic rent reviews. Standard turnover-based leases have a turnover percentage agreed with each lessee which is applied to a retail unit's annual sales and any excess between the resulting turnover rent and the minimum rent is receivable by the Company and recognised as income in the period in which it arises.

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

	2024 £m	2023 £m
Within one year	34.8	34.3
Between two and five years	77.2	76.6
Over five years	45.7	46.0
	<u>157.7</u>	<u>156.9</u>

16 Immediate and ultimate controlling party

The immediate parent company is SGS 2020 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.

Following a capital structure reorganisation completed in April 2024, the Company's ultimate parent company and the parent of the smallest and largest group to prepare consolidated financial statements which include the Company is Granite Holdco Limited, a company incorporated and registered in Jersey, Channel Islands. The registered address of Granite Holdco Limited (registered number: 152586) is 4th Floor, St. Paul's Gate, 22-24 New Street, St. Helier, JE1 4TR, Jersey. The consolidated financial statements of Granite Holdco Limited can be obtained from its registered office.

Prior to the reorganisation, the Company's ultimate parent company was SGS (Jersey) Newco Limited (registered number: 152586), a company incorporated and registered in Jersey with the same registered office address as Granite Holdco Limited.