

Registered Number: 00298351

HAMMERSON UK PROPERTIES plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019

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HAMMERSON UK PROPERTIES plc

DIRECTORS' REPORT

Year ended 31 December 2019

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of Hammerson UK Properties plc (the "Company") is property investment in the United Kingdom, both directly and through its investment in property owning subsidiaries. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

Further information relating to the business, its key risks and future prospects is provided in the Strategic Report on page 5, together with an assessment of the impact the Covid-19 pandemic has had on the business and how this may affect its activities in the future. Further details are also provided in the post balance sheet events note 18 to the financial statements.

2. RESULTS AND DIVIDENDS

The profit for the year after tax was £86,317,000 (2018: £114,055,000 loss). Dividends of £511,417,000 (2018: £nil) were paid during the year to the immediate parent company.

Net assets for the Company as at 31 December 2019 were £1,499,794,000 (2018: £1,460,903,000)

3. DIRECTORS

- (a) Mr. D.J. Atkins, Mr. A.J. Berger-North, Ms. R.S. Booth and Mr. M.R. Bourgeois were Directors of the Company throughout the year and were in office at the date of approval of this report unless otherwise stated below.
- (b) Mr. P.W.B. Cole and Mr. N.T. Drakesmith resigned as Directors of the Company on 30 April 2019 and 1 October 2019 respectively.
- (c) Mr. J.A. Lenton, Mr. S.C. Travis and Ms. A.A. Darwall were appointed as Directors of the Company on 30 October 2019, 3 February 2020 and 2 March 2020 respectively, and were in office at the date of approval of this report.
- (d) Mr. M. Ashton and Mr. T. Beaney were appointed as Alternate Directors of the Company on 3 February 2020 and Mr. M. Ashton resigned as an Alternate Director of the Company on 27 March 2020.
- (e) Ms. R.S. Booth resigned as a Director of the Company on 27 March 2020.
- (f) Mr. A.J. Berger-North resigned as a Director of the Company and Mr. T.J. Cochrane was appointed as a Director of the Company on 7 August 2020.
- (g) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (h) No Director has any interests in contracts entered into by the Company.

4. SECRETARY

Hammerson Company Secretarial Limited was Secretary of the Company throughout the year.

HAMMERSON UK PROPERTIES plc

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2019

5. GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the net current liability position on the balance sheet as at 31 December 2019 and, having taken into account the existing and anticipated effects of Covid-19 and the letter of support received from Hammerson plc, its ultimate parent company, concluded that it was appropriate.

The letter of support states the intent to provide the necessary financial support to ensure the Company is a going concern for at least twelve months from the date of signing of these financial statements. More information is provided in note 1(b) to the financial statements.

6. INDEMNITY

The Company's ultimate parent company, Hammerson plc, has put in place qualifying third party indemnity provisions for the benefit of the Company's Directors which were in place throughout the year and which remain in place at the date of this report.

7. INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 487(2) of the Companies Act 2006.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

8. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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.

9. STATEMENT IN RESPECT OF STAKEHOLDER ENGAGEMENT

The Directors have determined that the Company and related undertakings' key stakeholders are its: members; brands; consumers; and communities. How the Directors engage with these stakeholders is summarised below:

Members

The key areas of interest for the members are the current and future financial performance of the investments of the Company. This, to a large extent, depends on the performance of the property interests of the Company and its related undertakings. The asset manager provides the Directors with a quarterly update with comparisons of actual results to budget and to highlight other areas including sales and footfall, sustainability, customer experience and innovation. The Directors consider the views of each member as part of the decision making process about future strategy and direction.

Brands

The Company and related undertakings' relationships with their retailers, F&B and leisure tenants are important to the Company's long-term success. The asset manager reports on the performance of brands which are discussed at the Directors' board meetings. During 2019, the Directors were particularly focused on the impact of the administrations and CVAs of certain retailers and brands, occupational plans and management of the Company's assets, either directly or through its related undertakings.

Consumers

The Directors receive regular reports on consumer behaviour and consider new technologies which would be available to assist in counting footfall and dwell times of visitors to the Company's and related undertakings assets, without impacting the privacy of consumers. This provides useful insights to inform investment decisions and identify future revenue drivers. The asset manager provides both quantitative and qualitative insights to understand consumer needs which inform decisions on creating a desirable destination for shopping, leisure and socialising.

Communities

The assets of the Company and its related undertakings make important social and economic contributions to their communities. The Directors ensure that through the asset management team, strong links are developed with local stakeholders to maintain and boost the local economy, generate employment and business opportunities and encourage additional inward investment.

HAMMERSON UK PROPERTIES plc

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2019

10. DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors of the Company at the time when this report is approved has confirmed that:

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

By order of the Board



A. Darwall

Director

Registered number: 00298351

HAMMERSON UK PROPERTIES plc

STRATEGIC REPORT

Year ended 31 December 2019

Review of the business

Performance during the year

The Company invests in properties and property owning subsidiaries. During the year the Company increased its investment in group entities by £66,974,000, mainly as a result of the recapitalisation of a number of its subsidiaries. The Company also made disposals of £8,075,000 comprising the carrying values of its investment in Hammerson (Parc Tawe) Limited, in addition to a small unit trust investment which was dissolved during the year. The Company's impairment provision increased by £549,011,000 during year largely due to declining values of properties held by group entities owned by the Company.

Future prospects

The Company has interests in a significant number of property owning subsidiary undertakings, held both directly and indirectly, and joint ventures as shown in note 14. These entities have been affected by the recent Covid-19 pandemic, which resulted in the closure of all UK shopping centres on 23 March 2020. Properties in the UK reopened on 15 June 2020, having complied with government safeguarding restrictions, with the exception of the Scottish assets which reopened on 13 July 2020. Properties in Leicester and Aberdeen were also required to close temporarily from 30 June to 27 July 2020 and between 5 and 26 August 2020 respectively, to comply with local lockdown requirements. Only retailers providing essential services and supplies continued to trade during the lockdown periods.

The Company also has indirect interests in other investments which own premium outlet centres across Europe. These outlets had varying closure periods, the earliest closure being in Italy on 11 March 2020. All outlets were reopened in line with the guidance from the respective national governments, the latest opening being in the UK on 15 June 2020.

This unprecedented situation has had a significant impact on these subsidiary undertakings and other investments. As the on-going impact of the pandemic on retailers, consumers and communities cannot easily be assessed at this stage, the Directors are uncertain what changes this may have on the Company's business activities in the short and longer-term. Further details of the impact of Covid-19 on the current and future operating activities of the business are set out in the post balance sheet events note 18 to the financial statements.

Key Performance Indicators

The Directors consider the following measures to be the key performance indicators for the Company: investment income and net asset value.

During 2019, the Company's investment income for the year was £698,809,000 (2018: £100,417,000). At 31 December 2019, the Company had net assets of £1,499,794,000 (2018: £1,460,903,000). The increase of £38,891,000 in net assets in the year is summarised as follows:

	Increase/ (Decrease) in net assets
Income statement items (see page 9):	£'000
Net rental income ¹	140
Net administrative expenses ²	(14,281)
Other net losses ³	(563,332)
Investment income ⁴	698,809
Net finance costs ⁵	(35,019)
Equity items (see page 11):	
New issue of share capital ⁶	450,000
Revaluation gain on other investments ⁷	13,991
Dividends to immediate parent	(511,417)
Net increase in net assets	38,891

HAMMERSON UK PROPERTIES plc

STRATEGIC REPORT (CONTINUED)

Year ended 31 December 2019

Key Performance Indicators (continued)

1. Comprises gross rental income of £151,000 (per note 2) less rents payable and other property outgoings of £11,000 (per page 9).
2. Comprises administrative expenses of £20,365,000 (per note 3) less management fees receivable from joint arrangements of £6,084,000 (per note 2).
3. Primarily impairment losses on investments as a result of declining property values. See note 4.
4. Comprises dividend income from subsidiaries and distribution income from joint arrangements. See note 5.
5. Primarily interest payable on amounts owed to the ultimate parent company. See note 6.
6. The Company was recapitalised during the year by issuing 1,800,000,000 ordinary shares of 25p each to the immediate parent. See note 12.
7. Comprises revaluation gains on the Company's sponsor interests in Value Retail plc and related companies, included in other fixed asset investments in note 9.

Principal risks

Short term

The key short-term risk facing the Company relates to the Covid-19 pandemic and its impact on the operations of the entities in which it invests. Government measures taken to contain the spread of the virus include travel bans, quarantines, social distancing, mandatory face-coverings and the closure of non-essential services, which have caused considerable disruption to businesses, resulting in an economic slowdown which will negatively impact consumer spending. It is uncertain how retailers, consumers and communities will respond to the easing of social distancing rules. Regular dialogue is taking place to understand tenants' trading situations so as to monitor their ability to service rental payments. Should there be further outbreaks of Covid-19 cases in the vicinity of the Company's property interests, there is a risk that these properties could be required to close again for a period of time.

Longer-term

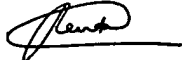
The key ongoing and longer-term risk facing the Company relates to the value of its investments in property owning group entities. The key performance indicators for these entities are net rental income and property values and the key risks they face relate to tenant exposure and the strength of the UK property market, the latter being impacted by increased online penetration and tenant failures. Tenants' covenants are monitored at the start of leasing agreements and on an ongoing basis to minimise the risk of default. The Directors monitor the UK property market through the analysis of market forecasts and the performance of the property assets is compared against target returns. The current challenges presented by the Covid-19 pandemic have accentuated the significance of monitoring changes in tenants' covenants and the UK property market.

Further risks are discussed in the Annual Report of the ultimate controlling party, Hammerson plc, which does not form part of this report.

Reporting on section 172 of the Companies Act 2006

The Directors continue to have regard to the interests of key stakeholders of the Company and those of its related undertakings, including the impact of its activities on the community, environment and the Company's reputation, when making decisions. The Directors, acting fairly between members, and acting in good faith, consider what is most likely to promote the success of the Company for its members in the long term. For more information on the Hammerson Group's engagement with stakeholders, please see the Hammerson plc annual report and financial statements for the year to 31 December 2019.

Signed on behalf of the Board of Directors



J. A. Lenton
Director

Date: 30 September 2020

HAMMERSON UK PROPERTIES plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON UK PROPERTIES plc

Report on the audit of the financial statements

Opinion

In our opinion, Hammerson UK Properties plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared 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.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

We have nothing to report to you in this regard.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

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

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

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

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

HAMMERSON UK PROPERTIES plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON UK PROPERTIES plc (CONTINUED)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sonia Copeland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 30 September 2020

HAMMERSON UK PROPERTIES plc**INCOME STATEMENT****For the year ended 31 December 2019**

	Note	2019 £'000	2018 £'000
Revenue	2	6,235	10,277
Rents payable and other property outgoings		(11)	(50)
Administrative expenses	3	<u>(20,365)</u>	<u>(17,358)</u>
Operating loss before other net losses		(14,141)	(7,131)
Other net losses	4	<u>(563,332)</u>	<u>(172,609)</u>
Operating loss		(577,473)	(179,740)
Investment income	5	<u>698,809</u>	<u>100,417</u>
Profit/(Loss) on ordinary activities before net finance costs		121,336	(79,323)
Net finance costs	6	<u>(35,019)</u>	<u>(34,732)</u>
Profit/(Loss) on ordinary activities before taxation		86,317	(114,055)
Taxation	7(a)	<u>-</u>	<u>-</u>
Profit/(Loss) for the financial year		<u>86,317</u>	<u>(114,055)</u>

All amounts relate to continuing activities.

HAMMERSON UK PROPERTIES plc

BALANCE SHEET

As at 31 December 2019

	Note	£'000	2019 £'000	£'000	2018 £'000
Non-current assets					
Investment properties	8(a)		9,626		9,626
Investments	9		<u>2,551,394</u>		<u>3,027,515</u>
			2,561,020		3,037,141
Current assets					
Receivables	10	477,311		35,132	
Cash and deposits		<u>-</u>		<u>2</u>	
Total current assets		477,311		35,134	
Current liabilities					
Payables	11	<u>(1,538,537)</u>		<u>(1,611,372)</u>	
Net current liabilities			(1,061,226)		(1,576,238)
Total assets less current liabilities			1,499,794		1,460,903
Net assets			1,499,794		1,460,903
Capital and reserves					
Called up share capital	12		957,875		507,875
Share premium account	13		54,043		54,043
Revaluation reserve	13		104,681		90,690
Retained earnings	13		<u>383,195</u>		<u>808,295</u>
Total equity			1,499,794		1,460,903

The financial statements were authorised for issue by the Board of Directors on 30 September 2020 and were signed on its behalf.



J. A. Lenton

Director

Registered number: 00298351

HAMMERSON UK PROPERTIES plc**STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2019**

	2019 £'000	2018 £'000
Profit/(Loss) for the financial year	86,317	(114,055)
Items that may subsequently be recycled through the income statement		
Unrealised revaluation gain on investments (note 9)	13,991	15,495
Total recognised gains and losses for the year	100,308	(98,560)

STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2019**

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2018	507,875	54,043	75,195	922,350	1,559,463
Loss and other comprehensive income for the year	-	-	15,495	(114,055)	(98,560)
At 31 December 2018	507,875	54,043	90,690	808,295	1,460,903
Issue of share capital (note 12)	450,000	-	-	-	450,000
Dividends	-	-	-	(511,417)	(511,417)
Profit and other comprehensive income for the year	-	-	13,991	86,317	100,308
At 31 December 2019	957,875	54,043	104,681	383,195	1,499,794

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current and preceding year, unless otherwise stated.

(a) Basis of accounting

During 2019, the following relevant new and revised Standards and Interpretations have been adopted:

- IFRS 16 Leases, effective for accounting periods beginning on or after 1 January 2019

Impact of new and revised Standards

IFRS 16 Leases

The standard does not impact the Company's financial position as a lessor or the Company's rental income from its investment properties.

The standard requires lessees to recognise, for each lease, a right-of-use asset and related lease liability representing the obligation to make lease payments. Interest expense on the lease liability and depreciation on the right-of-use asset is recognised in the Company's statement of comprehensive income. There has been no impact on the Company on the adoption of IFRS16 as it is not a lessee.

Basis of preparation

Hammerson UK Properties plc is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 5. The address of the registered office is Kings Place, 90 York Way, London N1 9GE.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council.

The presentation currency used is sterling and amounts have been presented in round thousands ("£000s"). The financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties and other fixed asset investments. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(k).

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. ACCOUNTING POLICIES (Continued)

(a) Basis of accounting (continued)

Disclosure exemptions adopted

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirements for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information); and
 - 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. In addition, the Company is a wholly owned subsidiary of its ultimate parent, Hammerson plc, and is therefore exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These are separate financial statements. The financial statements of Hammerson plc can be obtained as described in note 17.

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(b) Going concern

In considering going concern the Directors have initially assessed the existing and expected future effects of the Covid-19 pandemic on the Company's activities and the appropriateness of the use of the going concern basis. An outline of the current effects of the pandemic on the business is included in the Strategic Report on page 5 and in the post balance sheet events note 18 to the financial statements.

In addition, the Directors note that the Company has a strong balance sheet with significant net assets, however as at 31 December 2019 it has net current liabilities and is reliant on the continued support of its ultimate parent company, Hammerson plc, to be able to meet its liabilities as they fall due. These liabilities relate primarily to amounts due to fellow subsidiary and group undertakings.

The Directors consider that the Company is an integral part of Hammerson plc's structure and strategy and this is evidenced by a letter of support received from Hammerson plc, which states its intent to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements.

In forming an assessment as to whether Hammerson plc has the ability to provide the necessary financial support, the Directors have considered the forecast cash flows of the Hammerson plc group (the "Group") and note that the Group has substantial forecast liquidity for at least twelve months from the date of signing the Company's financial statements.

However the Directors also reviewed the interim financial statements for Hammerson plc, which were published on 6 August 2020. The Directors noted the inclusion of a material uncertainty over going concern within those interim financial statements. This highlighted that the Group was forecast to breach certain of its debt covenants under a severe but plausible scenario, and that the key mitigating actions to resolve these breaches, namely an equity raise and the disposal of substantially all of the Group's investment in VIA Outlets, were still subject to a joint shareholder vote as at the date of approval of the interim financial statements. In addition the resolution of the breaches was subject to the successful completion of the equity raise and therefore the associated proceeds could not be regarded as secured at the time of signing those interim financial statements on 6 August 2020.

Subsequent to 6 August 2020, the equity raise and disposal were approved at the General Meeting of Hammerson plc shareholders on 2 September 2020. Furthermore the equity raise has substantially progressed with sufficient progress made, given the underwriting agreements in place, to regard the proceeds as secure for going concern purposes. Accordingly both drivers of the material uncertainty over going concern within the Hammerson plc interim financial statements have now been resolved.

Consequently, the Directors are satisfied they can rely on the letter of support from Hammerson plc and they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(c) Revenue

Revenue comprises gross rental income and management fees receivable from joint arrangements and group undertakings.

(d) Profit/(Loss) on sale of investments

Profits/(losses) on sale of investments are taken into account on completion of contract, and are calculated by reference to the carrying value at the end of the previous year and any costs related to the sale.

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(e) Investment income

Investment income comprises dividends and profit distributions receivable from the Company's investments in group entities and other fixed asset investments.

(f) Net finance costs

Net finance costs include interest payable on borrowings and interest payable to related party undertakings net of interest receivable on funds invested.

(g) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

(h) Investment properties

The Company applies the fair value accounting model to investment properties, being market value determined by professionally qualified external valuers. Changes in fair value are recognised in profit or loss. All costs directly associated with the purchase and construction of a property are capitalised.

(i) Investments

Investments in the Company's subsidiaries are stated at cost less provision for impairment as permitted under IAS 27. Other fixed asset investments are valued at the balance sheet date at fair value, per IFRS 9. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve.

(j) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets, including intercompany loans, are subsequently carried at amortised cost using the effective interest method, less loss allowance. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(k) Critical accounting policies and estimation uncertainties

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. Estimates and the 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 the current and future periods.

The Company's critical judgements and area of estimation uncertainty is in respect of the following:

- (a) Shares in group entities. The Company has interests in group entities which are carried in the balance sheet at historical cost less provision for impairment, valued by the Directors based upon the net assets of the entities. The principal assets of these entities are investment properties which are valued six-monthly by professionally qualified external valuers. The Directors must ensure that they are satisfied that the Company's investment in the group entities is appropriate for the financial statements. The basis of valuation of the group entities' investment properties is set out in the notes to the financial statements of those entities for the year ended 31 December 2019.
- (b) Other fixed asset investments. The Company's other fixed asset investments comprise predominantly of investments in external entities (indirectly through a wholly-owned Hammerson subsidiary) which are carried in the balance sheet at valuation. The carrying values are based upon the net assets of the investee entities which consist mainly of investment properties valued by professionally qualified external valuers. The Directors must ensure that they are satisfied that the valuation of these investments is appropriate for the financial statements.
- (c) Investment properties. The Company's investment properties, which are carried in the balance sheet at fair value, are valued six-monthly by professionally qualified external valuers and the Directors must ensure that they are satisfied that the valuation of the Company's property is appropriate for the financial statements. Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to future rental income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuations. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

In the case of on-site developments, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for all costs necessary to complete the development, together with a further allowance for remaining risk, developers' profit and purchasers' costs. Properties held for future development are generally valued by adopting the higher of the residual method of valuation allowing for all associated risks, or the investment method of valuation for the existing assets.

HAMMERSON UK PROPERTIES plc**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
Year ended 31 December 2019**2. REVENUE**

	2019	2018
	£'000	£'000
Gross rental income	151	34
Management fees receivable from joint arrangements (note 15)	6,084	8,743
Management fees receivable from group undertakings	-	1,500
	<u>6,235</u>	<u>10,277</u>

3. ADMINISTRATIVE EXPENSES

	2019	2018
	£'000	£'000
Management fee payable to fellow group undertaking	20,359	17,326
Other administrative expenses	6	32
	<u>20,365</u>	<u>17,358</u>

The average number of employees during the year was nil (2018: nil).

The Directors did not receive any remuneration for their services from the Company in the year (2018: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purposes of disclosure.

Another group company has paid the auditors' fees for the audit of the Company's annual financial statements in both the current and preceding financial year. Fees for the audit of the Company were £11,740 (2018: £7,140).

4. OTHER NET LOSSES

	2019	2018
	£'000	£'000
Costs incurred for prior year property disposals in companies that have been sold	(211)	(34)
Loss on sale of shares in group entities	(7,178)	(20,370)
Revaluation losses on properties (note 8)	-	(557)
Increase in impairment provision on investments (note 9)	(549,011)	(151,648)
Impairment provision on intercompany receivables (note 10)	(6,932)	-
	<u>(563,332)</u>	<u>(172,609)</u>

5. INVESTMENT INCOME

	2019	2018
	£'000	£'000
Dividends received from subsidiary undertakings	610,538	62,614
Distributions receivable from Limited Partnership and unit trust investments	88,271	37,803
	<u>698,809</u>	<u>100,417</u>

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

6. NET FINANCE COSTS

	2019	2018
	£'000	£'000
Interest payable to ultimate parent company	(35,028)	(34,745)
Other net interest receivable	9	13
	<u>(35,019)</u>	<u>(34,732)</u>

7. TAXATION

(a) Tax charge

	2019	2018
	£'000	£'000
UK corporation tax	-	-

(b) Factors affecting total tax charge

The tax assessed on the profit/(loss) for the year is different from the standard rate of corporation tax of 19.00% (2018: 19.00%). The differences are reconciled below:

	2019	2018
	£'000	£'000
Profit/(Loss) on ordinary activities before taxation	<u>86,317</u>	<u>(114,055)</u>
Profit/(Loss) at UK corporation tax rate of 19.00% (2018: 19.00%)	16,400	(21,670)
Effects of:		
Tax-exempt losses	454	411
Loss on sale of investment properties	40	6
Loss on sale of fixed asset investments	1,364	3,870
Revaluation losses on properties	-	106
Increase in impairment provision on investments	104,312	28,813
Impairment provision on intercompany receivables	(1,317)	-
Distribution income not taxable	(132,774)	(19,079)
Tax losses surrendered as group relief	<u>11,521</u>	<u>7,543</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

(c) Unrecognised deferred tax

A deferred tax asset is not recognised for UK revenue tax losses and UK capital losses where their future utilisation is uncertain. At 31 December 2019, the total of such losses was £158 million (2018: £158 million) and £398 million (2018: £390 million) respectively, and the potential tax effect of these was £27 million (2018: £27 million) and £68 million (2018: £66 million) respectively.

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

8. INVESTMENT PROPERTIES

(a) The movements on properties were:

	2019 £'000	2018 £'000
At 1 January	9,626	10,126
Additions at cost	-	57
Revaluation loss (note 4)	-	(557)
At 31 December	9,626	9,626

(b) Of the above properties held at valuation, £9,246,000 (2018: £9,246,000) is freehold and the remaining £380,000 (2018: £380,000) is held under long leasehold.

(c) Properties are stated at market value at 31 December 2019, valued by professionally qualified external valuers, Cushman & Wakefield Debenham Tie Leung, Chartered Surveyors. The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2017 based on certain assumptions as set out in notes 1(h) and 1(k).

(d) The historical cost of investment properties at 31 December 2019 was £16,387,000 (2018: £16,387,000).

9. INVESTMENTS

	Shares in group entities at cost less provision for impairment £'000	Other fixed asset investments at fair value £'000	Total £'000
At 1 January 2018	3,096,716	106,835	3,203,551
Additions at cost	154,361	-	154,361
Disposals	(194,244)	-	(194,244)
Movement in impairment provision (note 4)	(151,648)	-	(151,648)
Revaluation gain	-	15,495	15,495
At 31 December 2018/1 January 2019	2,905,185	122,330	3,027,515
Additions at cost	66,974	-	66,974
Disposals	(7,610)	(465)	(8,075)
Movement in impairment provision (note 4)	(549,011)	-	(549,011)
Revaluation gain	-	13,991	13,991
At 31 December 2019	2,415,538	135,856	2,551,394

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

9. INVESTMENTS (continued)

During 2019 the Company had additions at cost of £66,974,000, made up mainly of additional share investments in recapitalised subsidiaries, and disposals of £8,075,000 primarily from the sale of shares in Hammerson (Parc Tawe) Limited, a wholly-owned subsidiary. In addition, during the year, the Company's fixed asset investments impairment provision increased by £549,011,000. This reflects decreases in the underlying valuation of these investments primarily due to the decrease in value of the properties held within a number of subsidiaries. In 2018, the impairment provision was increased by £151,648,000, for the same reason. The Company does not revalue its investments in subsidiaries above original cost. At 31 December 2019, the unrecognised underlying valuation surplus of the Company's investments in subsidiaries was £485,032,000 (2018: £1,675,077,000).

In the opinion of the Directors, the aggregate value of investments in subsidiary undertakings at 31 December 2019 is not less than their carrying value in the balance sheet. Further details of investments in subsidiaries are shown in note 14.

Other fixed asset investments as at 31 December 2019 relate primarily to investments in Value Retail plc and related companies held by one of the Company's wholly-owned subsidiaries, Hammerson (Value Retail Investments) Limited. The revaluation gain arising has been transferred to the revaluation reserve.

10. RECEIVABLES: CURRENT ASSETS

	2019 £'000	2018 £'000
Amounts owed by subsidiary undertakings	467,827	27,078
Amounts owed by fellow group undertakings	2,776	2,630
Other receivables	6,708	5,424
	<u>477,311</u>	<u>35,132</u>

All amounts shown under receivables fall due for payment within one year and are repayable on demand. Amounts owed by subsidiary undertakings and fellow group undertakings are non-interest bearing and unsecured. At 31 December 2019 the loss allowance provision for amounts owed by subsidiary undertakings was £6,932,000 (2018: £nil).

The increase in amounts owed by subsidiary undertakings in 2019 is primarily due to the increased level of dividends receivable from subsidiaries as per note 5. Subsidiary and fellow group undertaking balances were transferred to the ultimate parent company, Hammerson plc, subsequent to the year-end.

HAMMERSON UK PROPERTIES plc**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****Year ended 31 December 2019****11. PAYABLES: CURRENT LIABILITIES**

	2019 £'000	2018 £'000
Amounts owed to ultimate parent company	1,382,502	1,472,275
Amounts owed to subsidiary undertakings	73,907	46,179
Amounts owed to fellow group undertakings	77,543	84,002
Other payables	968	328
Accruals	3,617	8,588
	<u>1,538,537</u>	<u>1,611,372</u>

Amounts owed to the ultimate parent company are repayable on demand and bear interest at variable rates based on LIBOR. Amounts owed to subsidiary undertakings and fellow group undertakings are repayable on demand and are non-interest bearing. These balances were transferred to the ultimate parent company, Hammerson plc, subsequent to the year-end.

12. CALLED UP SHARE CAPITAL

	2019 £'000	2018 £'000
Authorised:		
3,842,000,000 (2018: 2,042,000,000) ordinary shares of 25p each	<u>960,500</u>	<u>510,500</u>
Allotted, called up and fully paid:		
3,831,500,000 (2018: 2,031,500,000) ordinary shares of 25p each	<u>957,875</u>	<u>507,875</u>

On 20 December 2019, the Company increased its called up share capital by £450,000,000 through the allotment of an additional 1,800,000,000 ordinary shares of 25p each at par, to the immediate parent company. This additional investment by the immediate parent company was settled through the intercompany account.

13. RESERVES

The following describes the nature and purpose of each reserve within equity:

<u>Reserve</u>	<u>Description and purpose</u>
Share premium	Premium and costs on issue of shares
Revaluation reserve	Revaluation movements on other fixed asset investments
Retained earnings	Cumulative profits and losses less any dividends paid

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

14. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS

The Company's subsidiaries and other related undertakings at 31 December 2019 are listed below.

Direct subsidiaries

Unless otherwise shown, the Company has a 100% interest in the ordinary share capital of the following entities, which are registered/operate in the countries as shown:

England & Wales

Registered office: Kings Place, 90 York Way, London N1 9GE

280 Bishopsgate Investments Limited	Hammerson (Merthyr) Limited
Abbey Retail Park Limited (Northern Ireland) ¹	Hammerson (Milton Keynes) Limited
Christchurch UK Limited	Hammerson (Moor House) Properties Limited
Hammerson (60 Threadneedle Street) Limited	Hammerson (Newcastle) Limited
Hammerson (9-13 Grosvenor Street) Limited	Hammerson (Newtownabbey) Limited
Hammerson (Abbey) Limited	Hammerson (Oldbury) Limited
Hammerson (Bicester No. 2) Limited	Hammerson (Renfrew) Limited
Hammerson (Brent Cross) Limited	Hammerson (Rugby) Limited
Hammerson (Brent South) Limited	Hammerson (Silverburn) Limited (Isle of Man) ²
Hammerson (Bristol Investments) Limited	Hammerson (Staines) Limited
Hammerson (Bristol) Limited	Hammerson (Telford) Limited
Hammerson (Cardiff) Limited	Hammerson (Value Retail Investments) Limited
Hammerson (Centurion) Limited	Hammerson (Via GP) Limited
Hammerson (Coventry) Limited	Hammerson (Victoria Gate) Limited
Hammerson (Cramlington I) Limited	Hammerson (Victoria Investments) Limited
Hammerson (Cricklewood) Limited	Hammerson (Victoria Quarter) Limited
Hammerson (Croydon) Limited	Hammerson (Watermark) Limited
Hammerson (Didcot) Limited	Hammerson (Whitgift) Limited
Hammerson (Didcot II) Limited	Hammerson Birmingham Properties Limited
Hammerson (Euston Square) Limited (25% direct, 75% indirect)	Hammerson Bull Ring Limited
Hammerson (Exeter II) Limited	Hammerson Croydon (GP1) Limited
Hammerson (Folkestone) Limited	Hammerson Croydon (GP2) Limited
Hammerson (Grosvenor Street) Limited	Hammerson Investments (No 12) Limited
Hammerson (Kingston) Limited	Hammerson Investments (No.13) Limited
Hammerson (Leeds Developments) Limited	Hammerson Investments (No.16) Limited
Hammerson (Leeds GP) Limited	Hammerson Investments (No.23) Limited
Hammerson (Leeds Investments) Limited	Hammerson Investments (No.35) Limited
Hammerson (Leeds) Limited	Hammerson Investments (No.36) Limited
Hammerson (Leicester GP) Limited	Hammerson Investments (No.37) Limited
Hammerson (Lichfield) Limited	Hammerson Investments Limited

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

14. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (continued)

England & Wales

Registered office: Kings Place, 90 York Way, London N1 9GE

Hammerson Junction (No 3) Limited	Hammerson Retail Parks Holdings Limited
Hammerson Junction (No 4) Limited	Hammerson Sheffield (NRQ) Limited
Hammerson Martineau Galleries Limited	Hammerson Shelf Co 10 Limited
Hammerson MGLP Limited	Hammerson Shelf Co 11 Limited
Hammerson MGLP 2 Limited	Hammerson Shelf Co 12 Limited
Hammerson MLP Limited	Hammerson Shelf Co 13 Limited
Hammerson Moor House (LP) Limited	Hammerson Shelf Co 14 Limited
Hammerson Operations Limited	LWP Limited Partnership ⁴
Hammerson Oracle Investments Limited	Monesan Limited (Northern Ireland) ¹
Hammerson Oracle Properties Limited	New Southgate Limited
Hammerson Peterborough (GP) Limited	RT Group Developments Limited
Hammerson Peterborough (No 1) Limited	RT Group Property Investments Limited
Hammerson Peterborough (No 2) Limited	Union Square Developments Limited (Scotland) ³
Hammerson Project Management Limited	West Quay (No.1) Limited
Hammerson Ravenhead Limited	West Quay (No.2) Limited
Hammerson Renewable Energy Limited	West Quay Shopping Centre Limited

Registered offices: (1) 50 Bedford Street, Belfast, BT2 7FW; (2) First Names House, Victoria Road, Douglas, IM2 4DF; (3) 1 George Square, Glasgow, G2 1AL. (4) No shares in issue for Limited Partnerships.

Jersey

Registered office: 47 Esplanade, St. Helier, Jersey, JE1 0BD

Hammerson Birmingham Investments Limited ¹	Hammerson Junction (No 2) Limited
Hammerson Bull Ring (Jersey) Limited ¹	Hammerson VIA (Jersey) Limited
Hammerson Croydon Investments Limited	Hammerson VRC (Jersey) Limited
Hammerson Highcross Investments Limited	Hammerson Whitgift Investments Limited
Hammerson Junction (No 1) Limited	

(1) Registered office: 44 Esplanade, St Helier, Jersey, JE4 9WG.

Indirect subsidiaries and other wholly-owned entities

Unless otherwise shown the Company has an indirect 100% interest in the ordinary share capital of the following entities, which are registered/operate in the countries as shown:

England & Wales

Registered office: Kings Place, 90 York Way, London N1 9GE

Governeffect Limited	SEVCO 5025 Limited ²
Hammerson Wrekin LLP ¹	Spitalfields Developments Limited
Junction Nominee 1 Limited	Spitalfields Holdings Limited (Ordinary & Preference)
Junction Nominee 2 Limited	The Junction (General Partner) Limited
Leeds (GP1) Limited	The Junction (Thurrock Shareholder GP) Limited
Leeds (GP2) Limited	The Junction Limited Partnership ¹
Martineau Galleries (GP) Limited	The Junction Thurrock (General Partner) Limited
Martineau Galleries No. 1 Limited	The Junction Thurrock Limited Partnership ¹
Martineau Galleries No. 2 Limited	The Martineau Galleries Limited Partnership ¹
Mentboost Limited	Thurrock Shares 1 Limited
Precis (1474) Limited (Ordinary & Deferred)	Thurrock Shares 2 Limited

(1) No shares in issue for Limited Partnerships; (2) SG House, 6 St. Cross Road, Winchester, Hampshire, SO23 9HX.

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

14. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (continued)

Indirect subsidiaries and other wholly-owned entities (continued)

Jersey

Registered office: 47 Esplanade, St. Helier, Jersey, JE1 0BD

Hammerson Victoria Quarter Unit Trust ¹	The Junction Unit Trust ¹
The Junction Thurrock Unit Trust ¹	The Telford Forge Retail Park Unit Trust ¹

(1) No shares in issue for Unit Trusts.

Indirectly held joint venture entities

	Country of registration or operation	Class of share held	Ownership %
Bishopsgate Goodsyard Regeneration Limited	England & Wales ¹	Ordinary	50
Brent Cross Partnership ⁷	England & Wales ¹	N/A	41
Bristol Alliance (GP) Limited	England & Wales ¹	Ordinary	50
Bristol Alliance Limited Partnership ⁷	England & Wales ¹	N/A	50
Bristol Alliance Nominee No.1 Limited	England & Wales ¹	Ordinary	50
Bristol Alliance Nominee No.2 Limited	England & Wales ¹	Ordinary	50
BRLP Rotunda Limited	England & Wales ¹	Ordinary	50
Bull Ring (GP) Limited	England & Wales ¹	Ordinary	50
Bull Ring (GP2) Limited	England & Wales ¹	Ordinary	50
Bull Ring No.1 Limited	England & Wales ¹	Ordinary	50
Bull Ring No.2 Limited	England & Wales ¹	Ordinary	50
Croydon (GP1) Limited	England & Wales ¹	Ordinary	50
Croydon (GP2) Limited	England & Wales ¹	Ordinary	50
Croydon Car Park Limited	England & Wales ¹	Ordinary	50
Croydon Limited Partnership ⁷	England & Wales ¹	N/A	50
Croydon Management Services Limited	England & Wales ¹	Ordinary	50
Croydon Property Investments Limited	England & Wales ¹	Ordinary	50
Grand Central (GP) Limited	England & Wales ¹	Ordinary	50
Grand Central Limited Partnership ⁷	England & Wales ¹	N/A	50
Grand Central No 1 Limited	England & Wales ¹	Ordinary	50
Grand Central No 2 Limited	England & Wales ¹	Ordinary	50
Hammerson (Leicester) Limited	England & Wales ¹	Ordinary	50
Highcross (GP) Limited	England & Wales ¹	Ordinary	50
Highcross Leicester Limited Partnership ⁷	England & Wales ¹	N/A	50
Highcross Leicester (GP) Limited	England & Wales ¹	Ordinary	50
Highcross Residential (Nominees 1) Limited	England & Wales ¹	Ordinary	50
Highcross Residential (Nominees 2) Limited	England & Wales ¹	Ordinary	50
Highcross Residential Properties Limited	England & Wales ¹	Ordinary	50
Highcross Shopping Centre Limited	England & Wales ¹	Ordinary	50
Moor House General Partner Limited	England & Wales ¹	Ordinary	67
Oracle Nominees (No. 1) Limited	England & Wales ¹	Ordinary	50
Oracle Nominees (No. 2) Limited	England & Wales ¹	Ordinary	50
Oracle Nominees Limited	England & Wales ¹	Ordinary	50
Oracle Shopping Centre Limited	England & Wales ¹	Ordinary	50
Reading Residential Properties Limited	England & Wales ¹	Ordinary	50
Silverburn Investment Advisor Limited	England & Wales ¹	Ordinary	50
The Bull Ring Limited Partnership ⁷	England & Wales ¹	N/A	50
The Highcross Limited Partnership ⁷	England & Wales ¹	N/A	50

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

14. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (continued)

Indirectly held joint ventures (continued)

	<i>Country of registration or operation</i>	<i>Class of share held</i>	<i>Ownership %</i>
The Moor House Limited Partnership ⁷	England & Wales ¹	N/A	67
The Oracle Limited Partnership ⁷	England & Wales ¹	N/A	50
The West Quay Limited Partnership ⁷	England & Wales ¹	N/A	50
Whitgift Limited Partnership ⁷	England & Wales ¹	N/A	50
Retail Property Holdings (SE) Limited	Guernsey ²	Ordinary	50
Retail Property Holdings Limited	Isle of Man ³	Ordinary	50
Bull Ring Joint Venture Trust ⁷	Jersey ⁴	N/A	50
Croydon Jersey Unit Trust ⁷	Jersey ⁵	N/A	50
Grand Central Unit Trust ⁷	Jersey ⁴	N/A	50
Highcross (No.1) Limited	Jersey ⁵	Ordinary	50
Highcross (No.2) Limited	Jersey ⁵	Ordinary	50
Highcross Leicester Limited	Jersey ⁵	Ordinary	50
Silverburn Unit Trust ⁷	Jersey ⁵	N/A	50
VIA (GP) Limited	Jersey ⁶	Ordinary	50
VIA Limited Partnership ⁷	Jersey ⁶	N/A	47

Registered offices: (1) Kings Place, 90 York Way, London, N1 9GE; (2) Fiman House, St. George's Place, St. Peter Port, Guernsey, GY1 2BH; (3) First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF (4) 44 Esplanade, St. Helier, Jersey, JE4 9WG; (5) 47 Esplanade, St Helier, Jersey JE1 0BD; (6) Aztec Group House, 11 – 15 Seaton Place, St Helier, Jersey JE4 0QH.
(7) No shares in issue for Limited Partnerships or Unit Trusts.

Indirectly held other fixed asset investments

	<i>Country of registration or operation</i>	<i>Class of share held</i>	<i>Ownership %</i>
VR Maasmechelen Tourist Outlets Comm. VA	Belgium ¹	B-shares	26
Bicester Investors Limited Partnership	Bermuda ²	N/A	25
Bicester Investors II Limited Partnership	Bermuda ²	N/A	25
Value Retail Investors Limited Partnership	Bermuda ²	N/A	79
Value Retail Investors II Limited Partnership	Bermuda ²	N/A	89
Value Retail Investors III Limited Partnership	Bermuda ²	N/A	27
VR Franconia GmbH	Germany ³	Ordinary	66
VR Bavaria GmbH	Germany ⁴	Ordinary	5
Master Holding BV	Netherlands ⁵	Ordinary	44
VR European Holdings BV	Netherlands ⁵	Ordinary	12
VR Ireland BV	Netherlands ⁵	Ordinary	57
VR La Vallee BV	Netherlands ⁵	Ordinary	28
Value Retail PLC	UK ⁶	Ordinary	12

Registered offices: (1) Zetellan 100, 3630 Maasmechelen, Belgium; (2) Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda; (3) Almosenberg, 97877, Wertheim, Germany; (4) Otto-Hahn-Strasse 1, D-85055 Ingolstadt, Germany (5) TMF, Luna Arena, Henkerbergweg 238, 1101 CM Amsterdam, Netherlands; (6) 19 Berkley Street, London, W1J 8ED.

15. RELATED PARTY TRANSACTIONS

During the year, the Company received £6,084,000 (2018: £8,743,000) in project and asset management fees relating to joint arrangements.

At 31 December 2019 amounts due from these joint arrangements to the Company was £434,000 (2018: £696,000). In the opinion of the Directors there are no other related party transactions to be disclosed in the current or preceding financial year.

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

16. ADVANCES, CREDIT AND GUARANTEES

The Company did not grant any credits, advances or guarantees of any kind to its Directors during the current or preceding financial year. The Company has provided guarantees in respect of certain subsidiaries which arise in the normal course of business.

In addition, the Company continues to provide a guarantee on behalf of one of its subsidiary undertakings, Hammerson Group Management Limited, in respect of its obligations in respect of the Hammerson Group Management Limited Pension & Life Assurance Scheme (the "Scheme"). Further details of the Scheme are set out in the Annual Report of Hammerson plc, the ultimate parent company.

17. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2019, the Company's ultimate parent company was Hammerson plc, which is registered in England and Wales and is the largest and smallest group to consolidate the financial statements. At 31 December 2019, the Company's immediate parent company was Hammerson International Holdings Limited.

The consolidated financial statements of the ultimate parent company, Hammerson plc, are available from that company's registered office, Kings Place, 90 York Way, London N1 9GE.

18. POST BALANCE SHEET EVENTS

The effects of the Covid-19 pandemic are the result of events that arose after the reporting date and therefore this is a non-adjusting post balance sheet event. No changes have been made, or are required, to the Company's statement of comprehensive income or balance sheet. The going concern implications for the business are discussed in note 1(b) to the financial statements and further details on the potential impact on the business for the year ending 31 December 2020 are set out below.

The vast majority of non-essential retail closed from 24 March until 15 June in England and 13 July in Scotland. This unprecedented situation has had a significant impact on the operations of the Company's subsidiary undertakings and other investments. In addition, the UK government's restrictions on landlords' ability to enforce rent collection has meant collection rates have fallen significantly, particularly at the UK flagships.

During the lockdown period it was essential to ensure the properties were operating as efficiently as possible to minimise costs, whilst continuing to provide support to essential stores. The cost reductions enabled UK flagship service charge demands for the 24 June quarter day to be reduced by approximately 40% compared with the prior quarter.

The Directors and the asset management teams are in dialogue with tenants to provide support to ensure continuity of tenants' businesses and collect arrears where possible. Where appropriate, flexible repayment terms or rent waivers have been offered.

Since reopening the properties, footfall is lower than comparable periods pre-lockdown due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. In the months since reopening, footfall at the UK flagships has steadily increased and in July 2020 was averaging 51% below 2019 levels. Footfall at retail parks has been less impacted than at the UK flagships as they are out-of-town, open-air, primarily accessed by car and contain a higher proportion of essential stores. Footfall in July 2020 was around 80% of prior year levels. However it is difficult to predict how customer behaviour will evolve with regards to spending.

HAMMERSON UK PROPERTIES plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **Year ended 31 December 2019**

18. POST BALANCE SHEET EVENTS (CONTINUED)

The Company's revenue and administrative expenses primarily relate to management fees receivable from joint arrangements and management fees payable to fellow group undertakings respectively. Whilst Covid-19 is not likely to have a significant impact on the Company's revenue or administrative expenses, it is anticipated that investment income is likely to materially decrease.

The pandemic has served to accelerate the changes that were already emerging in the retail landscape, heightening uncertainty and further reducing occupational and investment demand. As a result, during the six months ended 30 June 2020, the UK properties owned by the Company, both directly and indirectly, suffered a £491 million revaluation loss and a further £137 million revaluation loss was recognised on those properties owned indirectly as part of the Company's investments in premium outlets. These reductions in property valuations may result in a further impairment provision against the Company's investments in 2020. It is not currently possible to quantify the financial effects of these changes.