

Registered Number: 00298351

HAMMERSON UK PROPERTIES LIMITED

(Formerly Hammerson UK Properties plc)

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

Year ended 31 December 2021

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HAMMERSON UK PROPERTIES LIMITED

(Formerly Hammerson UK Properties plc)

DIRECTORS' REPORT

Year ended 31 December 2021

Principal activities and future developments

The principal activity of Hammerson UK Properties Limited (formerly 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 prospects is provided in the Strategic Report on pages 4 and 5.

Results and dividends

The loss for the year after tax was £279,182,000 (2020: £993,934,000). No dividends (2020: £nil) were paid during the year to the immediate parent company.

As at 31 December 2021, the Company had net current liabilities of £1,081,061,000 (2020: £1,125,181,000) and net assets of £210,810,000 (2020: £515,995,000).

Change of name and re-registration as private company

On 12 May 2022, the Company re-registered from a public company limited by shares to a private company limited by shares and changed its name from Hammerson UK Properties plc to Hammerson UK Properties Limited.

Directors

- (a) Mr G. Peureux, Mr H.H. Raja, and Mr R.G.A. Dunn were appointed as Directors of the Company on 9 April 2021, 26 April 2021, and 16 May 2022 respectively, and were in office at the date of approval of this report.
- (b) Mr S.C. Travis resigned as an Alternate Director of the Company on 1 April 2022 and was subsequently appointed as a Director of the Company on 1 April 2022. Mr S.C. Travis was in office at the date of approval of this report.
- (c) Mr J.A. Lenton, Mr T. Cochrane, Mr M.R. Bourgeois, and Mrs A.A. Darwall resigned as Directors of the Company on 26 April 2021, 19 May 2021, 11 November 2021, and 1 April 2022 respectively.
- (d) Mr T. Beaney resigned as an Alternate Director of the Company on 11 November 2021.
- (e) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (f) No Director has any interests in contracts entered by the Company.

Secretary

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

Going concern

The Directors have considered the use of the going concern basis in the preparation of the financial statements considering the net current liability position on the balance sheet as at 31 December 2021.

Having received a letter of support from Hammerson plc, its ultimate parent company, which states the intent to provide the necessary financial support to the Company for at least 12 months from the date of signing of these financial statements, they concluded that the going concern basis of preparation was appropriate.

HAMMERSON UK PROPERTIES LIMITED

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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.

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 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 also 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.

Statement in respect of stakeholder engagement

The Directors have determined that the Company and related undertakings' key stakeholders are its: members; occupiers; 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 Company's property interests. The focus in 2021 has been the continued impact of the pandemic on the business and the Directors have worked closely with the members to ensure alignment when supporting occupiers through rent concessions and restructuring. 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.

Occupiers

The Company's relationships with its retailers, F&B and leisure occupiers are important to the Company's long-term success. Since the onset of the pandemic, the Directors have continued to support occupiers and the asset manager reports on the performance of occupiers which are discussed at the Directors' board meetings. There is a targeted program of engagement for future occupiers, with a brand experience survey conducted of occupiers to gather feedback on their satisfaction, to help drive stronger, mutually beneficial relationships.

HAMMERSON UK PROPERTIES LIMITED
(Formerly Hammerson UK Properties plc)

DIRECTORS' REPORT (CONTINUED)
Year ended 31 December 2021

Statement in respect of stakeholder engagement (continued)

Consumers

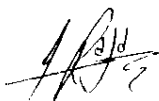
Offering an engaging experience is crucial for the future of physical retail. The Directors continue to receive both quantitative and qualitative insights from the asset manager to understand consumer needs which inform decisions on curating a vibrant destination for shopping, leisure, and socialising, and to inform investment decisions and identify revenue drivers. Investment is directed to optimising space and occupier mix and improving customer facilities.

Communities

The Company's assets make important social and economic contributions to its community. The pandemic has challenged families, businesses, and community groups to an extent no one could have foreseen. The Directors ensure that through the asset management team, strong links are developed with local stakeholders to identify local needs. Community projects focus on four areas: employment and skills; local investment and enterprise; health and wellbeing; and young people.

Sustainability and climate change increasingly play an important role in investment decisions. The Directors have taken appropriate action to reduce landlord and occupier carbon emissions and water usage and have adopted a waste management strategy.

By order of the Board



H. H. Raja
Director
26 October 2022

HAMMERSON UK PROPERTIES LIMITED

(Formerly Hammerson UK Properties plc)

STRATEGIC REPORT

Year ended 31 December 2021

Review of the business

Performance during the year

The Company has interests in a significant number of property-owning subsidiary undertakings and joint ventures, which were affected by the restrictions imposed to tackle the Covid-19 pandemic during a further period of national lockdown, with all non-essential retail closed until April 2021. As those restrictions began to be eased in Q2 2021, people were able to get out and footfall levels increased significantly compared with 2020, although they have yet to return to pre-pandemic levels.

During the year, the Company's investment in group entities decreased by £118,106,000, mainly owing to the disposal of several subsidiaries (see note 9) as part of the Group's focus on core assets. The Company's impairment provision increased by £203,463,000 during the year largely due to declining values of properties held by group entities owned by the Company.

Future prospects

All Covid-19 restrictions were lifted in Q2 2021, with occupiers now operating without constraints. Coupled with the successful roll-out of a vaccination program, customer activity, trading conditions, rent collections, and market sentiment have improved.

A slow but steady recovery of net rental income levels for the Company and its subsidiary undertakings and joint ventures is anticipated over the course of 2022, with leasing volumes and collections returning to pre-pandemic levels from 2023. The Directors also expect valuation capitalisation yields to remain stable.

The Directors do not anticipate any significant change in the Company's principal activity in the foreseeable future.

Key performance indicators

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

The Company's investment income for the year was £9,500,000 (2020: £3,435,000). As at 31 December 2021, the Company had net assets of £210,810,000 (2020: £515,995,000). The decrease of £305,185,000 in net assets in the year is summarised as follows:

	(Decrease)/Increase in net assets
	£'000
Income statement items:	
Operating profit before administrative expenses ¹	483
Net administrative expenses ²	(17,308)
Other net losses ³	(252,604)
Investment income ⁴	9,500
Net finance costs ⁵	(19,253)
Equity items:	
Revaluation losses on other investments ⁶	(26,003)

1) Comprises gross rental income of £246,000 (per note 2) plus: other property income of £210,000 and a credit of £27,000 arising from the change in provision for amounts not recognised in the income statement (per page 6); (2) Comprises administrative expenses of £21,838,000 (per note 3) less management fees receivable from joint arrangements of £4,530,000 (per note 2); (3) Primarily impairment losses on investments owing to 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) Comprises revaluation losses on the Company's sponsor interests in Value Retail plc and related companies, included in other fixed asset investments. See note 9.

HAMMERSON UK PROPERTIES LIMITED
(Formerly Hammerson UK Properties plc)

STRATEGIC REPORT (CONTINUED)
Year ended 31 December 2021

Principal risks

Overview

As the restrictions from the pandemic were lifted during Q2 2021, the Company's property interests opened with only minimal restrictions, and business optimism grew. The optimism was evident from the increase in footfall and sales and an improvement in cash collections. Property valuations started to stabilise in the latter part of 2021 as the demand for new leases and lease renewals started to grow.

Short term

The retail market has seen signs of recovery following the easing of restrictions. The key short-term risks facing the Company and its subsidiaries relate to the collection of arrears arising from the Covid-19 pandemic and the ability of occupiers to recover their trade to pre-pandemic levels. The rent moratorium in the UK has meant a significant number of occupiers withheld lease payments, however this expired in March 2022, which should now enable landlords to enforce rent collection.

Longer-term

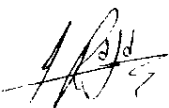
The key ongoing and longer-term risks facing the Company relate to the value of its investments in property owning group entities. The key performance indicators for those entities are net rental income and property values and the key risks they face relate to tenant exposure and the strength of the 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 on-going 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 Company has a risk forum for managing the key development risks. The current challenges on the business 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 ended 31 December 2021 which can be obtained as described in note 17.

Signed on behalf of the Board of Directors



H. H. Raja
Director
26 October 2022

HAMMERSON UK PROPERTIES LIMITED

(Formerly Hammerson UK Properties plc)

INCOME STATEMENTFor the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	2	4,776	5,540
Other property income/(outgoings)		210	(284)
Change in the provision for amounts not yet recognised in the income statement		27	(37)
Administrative expenses	3	<u>(21,838)</u>	<u>(18,890)</u>
Operating loss before other net losses		(16,825)	(13,671)
Other net losses	4	<u>(252,604)</u>	<u>(963,274)</u>
Operating loss		(269,429)	(976,945)
Investment income	5	<u>9,500</u>	<u>3,435</u>
Loss on ordinary activities before net finance costs		(259,929)	(973,510)
Net finance costs	6	<u>(19,253)</u>	<u>(20,424)</u>
Loss on ordinary activities before taxation		(279,182)	(993,934)
Taxation	7	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(279,182)</u>	<u>(993,934)</u>

All amounts relate to continuing activities.

HAMMERSON UK PROPERTIES LIMITED
(Formerly Hammerson UK Properties plc)

BALANCE SHEET
As at 31 December 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Investment properties	8(a)	2,071	4,151
Investments	9	<u>1,289,800</u>	<u>1,637,025</u>
		1,291,871	1,641,176
Current assets			
Receivables	10	11,664	31,973
Current liabilities			
Payables	11	<u>(1,092,725)</u>	<u>(1,157,154)</u>
Net current liabilities		<u>(1,081,061)</u>	<u>(1,125,181)</u>
Total assets less current liabilities		<u>210,810</u>	<u>515,995</u>
Net assets		<u>210,810</u>	<u>515,995</u>
Capital and reserves			
Called up share capital	12	957,875	957,875
Share premium account	13	54,043	54,043
Revaluation reserve	13	88,813	114,816
Accumulated losses	13	<u>(889,921)</u>	<u>(610,739)</u>
Total equity		<u>210,810</u>	<u>515,995</u>

For the year ended 31 December 2021, the Company was entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities in respect of audit exemption:

- the members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with s476 of the Companies Act 2006
- the Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements were authorised for issue by the Board of Directors on 26 October 2022 and were signed on its behalf.



H.H. Raja
Director
Registered number: 00298351

HAMMERSON UK PROPERTIES LIMITED

(Formerly Hammerson UK Properties plc)

STATEMENT OF COMPREHENSIVE INCOMEFor the year ended 31 December 2021

	2021 £'000	2020 £'000
Loss for the financial year	(279,182)	(993,934)
Items that may subsequently be recycled through the income statement		
Unrealised revaluation (loss)/gain on investments (note 9)	(26,003)	10,135
Total recognised losses for the year	<u>(305,185)</u>	<u>(983,799)</u>

STATEMENT OF CHANGES IN EQUITYFor the year ended 31 December 2021

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Retained earnings/ (Accumulated losses) £'000	Total equity £'000
At 1 January 2020	957,875	54,043	104,681	383,195	1,499,794
(Loss) and other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>10,135</u>	<u>(993,934)</u>	<u>(983,799)</u>
At 31 December 2020	957,875	54,043	114,816	(610,739)	515,995
Loss and other comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(26,003)</u>	<u>(279,182)</u>	<u>(305,185)</u>
At 31 December 2021	<u>957,875</u>	<u>54,043</u>	<u>88,813</u>	<u>(889,921)</u>	<u>210,810</u>

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

There were no new accounting standards, amendments, or interpretations, which were effective for the Company for the first time during the financial year which have had a material impact on the Company's financial statements for the year ended 31 December 2021.

Basis of preparation

Hammerson UK Properties Limited (formerly Hammerson UK Properties plc) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. During the financial year ended 31 December 2021, the Company was a public company limited by shares. The nature of the Company's operations and its principal activities are set out on pages 1 and 5. The address of the registered office is Kings Place, 90 York Way, London N1 9GE.

These financial statements were prepared in accordance with the Companies Act 2006 and 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, which are held at fair value. 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).

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);

1. ACCOUNTING POLICIES (CONTINUED)

(a) Basis of accounting (continued)

Disclosure exemptions adopted (continued)

- 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.

(b) Going concern

The Company has no external borrowings or debt covenants, however as at 31 December 2021 it had 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 Hammerson plc. 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 the foreseeable future, being a period of at least 12 months from the date of signing of these financial statements.

After making enquiries and taking account of the factors noted above, the Directors 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.

Lease incentives and costs associated with entering tenant leases are amortised over the lease term or, if the probability that the break option will be exercised is considered high, over the period to the first break option. Rent reviews are recognised when such reviews have been agreed with tenants.

Movements in the impairment provisions against trade receivables are included within the income statement either within 'rents payables and other property outgoings' or 'change in the provision for amounts not yet recognised in the income statement'. Further details of the criteria used to assess the level of impairment provisions required are set out in note 1(k).

(d) Profit/loss on sale of investments and investment properties

Profit/loss on sale of investments and investment properties are considered on completion of a contract for sale 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 LIMITED

(Formerly Hammerson UK Properties plc)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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 carried 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 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.

HAMMERSON UK PROPERTIES LIMITED

(Formerly Hammerson UK Properties plc)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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 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:

i. 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 supported by the net assets of the underlying entities. 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 2021.

ii. 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 fair value. 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.

iii. 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 properties is appropriate for the financial statements.

Valuation backdrop

The valuation of the Company's properties, which are carried in the balance sheet at fair value, and the valuation of the properties held by those entities in which the Company has an interest, referred to above, is the most material area of estimation due to its inherent subjectivity, reliance on assumptions and sensitivity to market fluctuations.

During the first half of 2021, the retail investment market continued to be adversely impacted by the closure of non-essential shops, compounding the recent structural changes and accelerating the shift online. The second half of 2021 saw a noticeable improvement in investment sentiment and transaction activity. Areas of estimate highlighted in the external valuers' valuation reports included estimation of market rents based on an increased level of activity, the consideration of appropriate levels of void costs and rent-free periods, the impact of extension of the rent moratorium in the UK and the basis of yield assumptions recognising the selective return of investor appetite towards the retail sector. The key inputs into the valuations continue to be yields (nominal equivalent yield) and market rental income (ERV).

HAMMERSON UK PROPERTIES LIMITED

(Formerly Hammerson UK Properties plc)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

(k) Critical accounting policies and estimation uncertainties (continued)

iii. Investment properties (continued)

Valuation backdrop (continued)

The external valuers' reports also included explanatory notes, in accordance with RICS guidance, outlining the ongoing impact Covid-19 continues to have on global real estate markets. The guidance states that property markets are mostly functioning again, with transaction levels and sufficient other relevant evidence available on which to base opinions of value.

Valuation methodology

Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to estimated future rental income streams reflecting contracted income reverting to ERV with appropriate adjustments for income voids arising from vacancies, lease expiries or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are key inputs to the valuations. Where comparable evidence of yield movement is lacking, valuers are reliant on sentiment or the movement of less comparable assets.

At 31 December 2021, the valuers had removed most of the specific Covid-19 allowances included at the prior year end. Other factors that are considered include, but are not limited to, the location and physical attributes of the property, tenure, tenancy details, lease expiry profile, rent collection, local taxes, structural and environmental conditions. With regards to the latter factor, the valuers made no explicit adjustment to their valuation as at 31 December 2021 in respect of environmental, social and governance ('ESG') matters. However, both the Directors and the valuers anticipate that ESG will have a greater influence on valuations in the future as investment markets place a greater emphasis on this topic and valuers comply with the RICS Guidance Note Sustainability and ESG in Commercial Property Valuation, which took effect from 31 January 2022.

The Directors have satisfied themselves that the valuation process is sufficiently rigorous and supports the carrying value of the Company's properties in the financial statements.

iv. Impairment provisions

The estimation of impairment provisions requires a degree of estimation about future events and is therefore inherently subjective. In assessing the current year provision, consideration has been given to the outturn of the prior year provision.

Consistent with the approach adopted at 31 December 2020, the Directors adopted a provisioning matrix, grouping receivables dependent on the risk level, taking into account historical default rates, future expectations, credit ratings and ageing, and applying an appropriate provision percentage after taking into account VAT, rent deposits and personal or corporate guarantees held. Where information is available to suggest that a higher level of provisioning is required, provision is made against 100% of the trade receivable or tenant incentive.

HAMMERSON UK PROPERTIES LIMITED

(Formerly Hammerson UK Properties plc)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)Year ended 31 December 2021**1. ACCOUNTING POLICIES (CONTINUED)****(k) Critical accounting policies and estimation uncertainties (continued)****iv. Impairment provisions (continued)**

The Directors have adopted a similar provisioning matrix to tenant incentives, by grouping unamortised incentives dependent on the risk level, considering historical default rates, future expectations, credit ratings and the anticipated impact of Covid-19, and applying an appropriate provision percentage. Provisioning rates against unamortised tenant incentives are lower than those against trade receivables as the credit risk of tenants not paying rent for future periods, and hence unamortised tenant incentives not being recovered, is lower than the credit risk on trade receivables.

Trade and other receivables are shown in note 10, together with details of the impairment provisions as at the balance sheet date.

Additionally, management has assessed the recoverability of amounts due to the Company from its subsidiaries and related undertakings. The principal assets of the subsidiaries and related undertakings are investment and development properties which are valued by professional external valuers. In assessing the Company's strategy for recoverability of the amounts due, management has considered the value of these underlying assets, considering any illiquidity impact in the event of an immediate recovery being required. During the year, the Company recognised a £10.6 million (2020: £7.8 million) impairment charge in this regard.

2. REVENUE

	2021	2020
	£'000	£'000
Gross rental income	246	254
Management fees receivable from joint arrangements (note 15)	4,530	5,286
	4,776	5,540

3. ADMINISTRATIVE EXPENSES

	2021	2020
	£'000	£'000
Management fee payable to fellow group undertaking	21,805	18,890
Other administrative expenses	33	-
	21,838	18,890

The average number of employees during the year was nil (2020: nil).

The Directors did not receive any remuneration for their services from the Company in the year (2020: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purposes of disclosure.

These financial statements are presented unaudited, therefore fees for the audit of the Company were £nil. In the preceding financial year another group company paid the auditors' fees of £12,290 for the audit of the Company's financial statements.

HAMMERSON UK PROPERTIES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)Year ended 31 December 2021**4. OTHER NET LOSSES**

	2021 £'000	2020 £'000
Consideration received for prior year property disposals in companies that have been sold	245	395
Profit on sale of investment properties	1,163	-
(Loss)/Profit on sale of shares in group entities	(39,766)	3,830
Revaluation losses on properties (note 8)	(230)	(5,475)
Increase in impairment provision on investments (note 9)	(203,463)	(954,240)
Impairment provision on intercompany receivables (note 10)	(10,553)	(7,784)
	<u>(252,604)</u>	<u>(963,274)</u>

5. INVESTMENT INCOME

	2021 £'000	2020 £'000
Dividends received from subsidiary undertakings	-	582
Distributions receivable from Limited Partnerships and unit trust investments	9,500	2,853
	<u>9,500</u>	<u>3,435</u>

6. NET FINANCE COSTS

	2021 £'000	2020 £'000
Interest payable to ultimate parent company	(19,242)	(20,434)
Other net interest (payable)/receivable	(11)	10
	<u>(19,253)</u>	<u>(20,424)</u>

7. TAXATION**(a) Tax charge**

	2021 £'000	2020 £'000
UK corporation tax	-	-

(b) Factors affecting total tax charge

The tax assessed on the loss before tax for the current and preceding year is different from the standard rate of corporation tax of 19% (2020: 19%). The differences are reconciled on the following page:

HAMMERSON UK PROPERTIES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)Year ended 31 December 2021**7. TAXATION (CONTINUED)****(b) Factors affecting total tax charge (continued)**

	2021 £'000	2020 £'000
Loss on ordinary activities before taxation	<u>(279,182)</u>	<u>(993,934)</u>
Loss at UK corporation tax rate of 19% (2020: 19%)	(53,045)	(188,847)
Effects of:		
Tax-exempt losses	673	815
Loss/(Profit) on sale of fixed asset investments	7,556	(728)
Revaluation losses on properties	44	1,040
Increase in impairment provision on investments	38,658	181,306
Impairment provision on intercompany receivables	2,005	1,479
Other gains	(267)	(75)
Investment income not taxable	(1,805)	(653)
Tax losses surrendered as group relief	<u>6,181</u>	<u>5,663</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 2021, the total of such losses was £158 million (2020: £158 million) and £460 million (2020: £430 million) respectively, and the potential tax effect of these was £39.5 million (2020: £30 million) and £115 million (2020: £81 million) respectively.

8. INVESTMENT PROPERTIES**(a) The movements on properties were:**

	2021 £'000	2020 £'000
At 1 January	4,151	9,626
Disposals	(1,850)	-
Revaluation loss (note 4)	<u>(230)</u>	<u>(5,475)</u>
At 31 December	<u>2,071</u>	<u>4,151</u>

(b) Of the above properties held at valuation, £1,421,000 (2020: £3,451,000) is freehold and £650,000 (2020: £700,000) is held under long leasehold.**(c) Properties are stated at market value at 31 December 2021, valued by professionally qualified external valuers, CBRE Limited, 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 2021 was £13,101,000 (2020: £16,387,000).**

HAMMERSON UK PROPERTIES LIMITED

(Formerly Hammerson UK Properties plc)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)Year ended 31 December 2021**9. INVESTMENTS**

	Shares in group entities at cost less provision for impairment £'000	Other fixed assets investment at fair value £'000	Total £'000
At 1 January 2020	2,415,538	135,856	2,551,394
Additions at cost	33,790	-	33,790
Disposals	(4,054)	-	(4,054)
Movement in impairment provision (note 4)	(954,240)	-	(954,240)
Revaluation gain	-	10,135	10,135
At 31 December 2020/1 January 2021	1,491,034	145,991	1,637,025
Additions at cost	347	-	347
Disposals at cost	(251,631)	-	(251,631)
Release of impairment provision on disposals	133,525	-	133,525
Total arising from disposals	(118,106)	-	(118,106)
Movement in impairment provision (note 4)	(203,463)	-	(203,463)
Revaluation loss	-	(26,003)	(26,003)
At 31 December 2021	1,169,812	119,988	1,289,800

During 2021 the Company had disposals of £251,631,000 against which a brought forward impairment provision of £133,525,000 has been released. This relates primarily to the sale of shares in five wholly owned subsidiaries: Hammerson (Merthyr) Limited; Hammerson (Rugby) Limited; Hammerson Ravenhead Limited; Hammerson (Didcot) Limited; and Hammerson (Didcot II) Limited. In addition, during the year, the Company's fixed asset investments impairment provision increased by £203,463,000 (2020: £954,240,000). This reflects decreases in the underlying valuation of these investments primarily due to the decrease in value of the properties held within several subsidiaries. The Company does not revalue its investments in subsidiaries above original cost.

In the opinion of the Directors, the aggregate value of investments in subsidiary undertakings at 31 December 2021 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 2021 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 loss arising has been transferred to the revaluation reserve.

10. RECEIVABLES: CURRENT ASSETS

	2021 £'000	2020 £'000
Trade receivables	284	176
Amounts owed by subsidiary undertakings	2,948	16,957
Amounts owed by fellow group undertakings	5,639	6,064
Other receivables	2,793	8,776
	11,664	31,973

HAMMERSON UK PROPERTIES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)Year ended 31 December 2021**10. RECEIVABLES: CURRENT ASSETS (CONTINUED)**

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 2021 the loss allowance provision for amounts owed by subsidiary undertakings was £25,269,000 (2020: £14,716,000), representing a movement of £10,553,000 (2020: £7,784,000) during the year.

Trade receivables and other receivables are shown after deducting a loss allowance provision of £7,000 (2020: £70,000) and £682,000 (2020: £202,000) respectively.

11. PAYABLES: CURRENT LIABILITIES

	2021 £'000	2020 £'000
Trade payables	55	-
Amounts owed to ultimate parent company	1,042,238	1,093,462
Amounts owed to subsidiary undertakings	27,049	50,087
Amounts owed to fellow group undertakings	18,396	10,854
Other payables	3,972	615
Accruals	1,015	2,136
	<u>1,092,725</u>	<u>1,157,154</u>

Amounts owed to the ultimate parent company are repayable on demand and bear interest at variable rates which have historically been based on LIBOR. With effect from 1 January 2022, LIBOR was replaced with SONIA (Sterling Overnight Index Average). Amounts owed to subsidiary undertakings and fellow group undertakings are repayable on demand and are non-interest bearing. All amounts are unsecured.

12. CALLED UP SHARE CAPITAL

	2021 £'000	2020 £'000
Allotted, called up and fully paid:		
3,831,500,000 ordinary shares of 25p each	<u>957,875</u>	<u>957,875</u>

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
Accumulated losses	Cumulative profits and losses less any dividends paid

HAMMERSON UK PROPERTIES LIMITED

(Formerly Hammerson UK Properties plc)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

14. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS

The Company's subsidiaries and other related undertakings at 31 December 2021 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 Birmingham Properties Limited
Hammerson (Brent Cross) Limited	Hammerson Bull Ring Limited
Hammerson (Brent South) Limited	Hammerson Bull Ring 2 Limited ³
Hammerson (Bristol Investments) Limited	Hammerson Croydon (GP1) Limited
Hammerson (Bristol) Limited	Hammerson Croydon (GP2) Limited
Hammerson (Cardiff) Limited	Hammerson Investments (No 12) Limited
Hammerson (Coventry) Limited	Hammerson Investments (No.16) Limited
Hammerson (Cramlington I) Limited	Hammerson Investments (No.23) Limited
Hammerson (Cricklewood) Limited	Hammerson Investments (No.36) Limited
Hammerson (Croydon) Limited	Hammerson Investments (NO.37) Limited
Hammerson (Euston Square) Limited ¹	Hammerson Investments Limited
Hammerson (Exeter II) Limited	Hammerson Junction (No 3) Limited
Hammerson (Folkestone) Limited	Hammerson Junction (No 4) Limited
Hammerson (Leeds Developments) Limited	Hammerson Martineau Galleries Limited
Hammerson (Leeds GP) Limited	Hammerson MGLP Limited
Hammerson (Leeds Investments) Limited ²	Hammerson MGLP 2 Limited
Hammerson (Leeds) Limited ²	Hammerson Moor House (LP) Limited
Hammerson (Leicester GP) Limited.	Hammerson Operations Limited
Hammerson (Milton Keynes) Limited	Hammerson Oracle Investments Limited
Hammerson (Moor House) Properties Limited	Hammerson Oracle Properties Limited
Hammerson (Newcastle) Limited	Hammerson Project Management Limited
Hammerson (Newtownabbey) Limited	Hammerson Renewable Energy Limited
Hammerson (Oldbury) Limited	Hammerson Retail Parks Holdings Limited
Hammerson (Renfrew) Limited	Hammerson Sheffield (NRQ) Limited
Hammerson (Telford) Limited	Hammerson Shelf Co 11 Limited
Hammerson (Value Retail Investments) Limited	Hammerson Shelf Co 12 Limited
Hammerson (VIA GP) Limited	Hammerson Shelf Co 13 Limited
Hammerson (Victoria Gate) Limited	Hammerson Shelf Co 14 Limited
Hammerson (Victoria Investments) Limited	LWP Limited Partnership ⁴
Hammerson (Victoria Quarter) Limited	RT Group Developments Limited
Hammerson (Watermark) Limited	RT Group Property Investments Limited
Hammerson (Whitgift) Limited	West Quay Shopping Centre Limited

(1) Interest in ordinary share capital is 25% direct, 75% indirect; (2) Entities sold on 25 February 2022, see note 18;

(3) previously Hammerson Shelf Co 10 Limited until 30 June 2022; (4) No shares in issue for the Limited Partnership.

HAMMERSON UK PROPERTIES LIMITED

(Formerly Hammerson UK Properties plc)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**Year ended 31 December 2021****14. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (CONTINUED)****Direct subsidiaries (continued)**

	Country of registration or operation
Abbey Retail Park Limited	Northern Ireland ¹
Hammerson (Silverburn) Limited	Isle of Man ²
Hammerson Birmingham Investments Limited	Jersey ³
Hammerson Bull Ring (Jersey) Limited	Jersey ³
Hammerson Croydon Investments Limited	Jersey ⁴
Hammerson Highcross Investments Limited	Jersey ⁴
Hammerson Junction (No 1) Limited	Jersey ⁴
Hammerson Junction (No 2) Limited	Jersey ⁴
Hammerson VIA (Jersey) Limited	Jersey ⁴
Hammerson VRC (Jersey) Limited	Jersey ⁴
Hammerson Whitgift Investments Limited	Jersey ⁴
Monesan Limited	Northern Ireland ¹
Union Square Developments Limited	Scotland ⁵

Registered offices: (1) 50 Bedford Street, Belfast, BT2 7FW; (2) First Names House, Victoria Road, Douglas, IM2 4DF; (3) 44 Esplanade, St. Helier, Jersey JE4 9WG; (4) 47 Esplanade, St. Helier, Jersey, JE1 0BD; (5) 1 West Regent Street, Glasgow, G2 1AP; (6) Sold on 25 February 2022, see note 18; (7) No shares in issue for Unit Trusts. The registered office address is that of the appropriate trustee.

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	Spitalfields Holdings Limited ³
Hammerson Wrekin LLP ¹	The Junction (General Partner) Limited
Junction Nominee 1 Limited	The Junction (Thurrock Shareholder GP) Limited
Junction Nominee 2 Limited	The Junction Limited Partnership ¹
Leeds (GP1) Limited	The Junction Thurrock (General Partner) Limited
Leeds (GP2) Limited	The Junction Thurrock Limited Partnership ¹
Martineau Galleries (GP) Limited	The Martineau Galleries Limited Partnership ¹
Martineau Galleries No. 1 Limited	Thurrock Shares 1 Limited
Martineau Galleries No. 2 Limited	Thurrock Shares 2 Limited
Precis (1474) Limited ²	Victoria Quarter (Lux) ⁴
SEVCO 5025 Limited	West Quay (No.1) Limited
Spitalfields Developments Limited	West Quay (No.2) Limited

(1) No shares in issue for Limited Partnerships; (2) Ordinary & deferred shares; (3) Ordinary & preference shares; (4) Registered office: 1 rue Jean Piret, L-2350, Luxembourg.

Jersey

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

Hammerson Victoria Quarter Unit Trust ^{1,2}	The Junction Unit Trust ¹
The Junction Thurrock Unit Trust ¹	

(1) No shares in issue for Unit Trusts; (2) Sold on 25 February 2022.

HAMMERSON UK PROPERTIES LIMITED
(Formerly Hammerson UK Properties plc)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

14. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (CONTINUED)

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 ⁶	England & Wales ¹	N/A	41
Bristol Alliance (GP) Limited	England & Wales ¹	Ordinary	50
Bristol Alliance Limited Partnership ⁶	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 ⁷	England & Wales ¹	Ordinary	50
Bull Ring Joint Venture Trust ^{6,8}	Jersey ²	N/A	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 Jersey Unit Trust ⁶	Jersey ³	N/A	50
Croydon Limited Partnership ⁶	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 ⁶	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
Grand Central Unit Trust ⁶	Jersey ²	N/A	50
Highcross (GP) Limited	England & Wales ¹	Ordinary	50
Highcross (No.1) Limited	Jersey ³	Ordinary	50
Highcross (No.2) Limited	Jersey ³	Ordinary	50
Highcross Leicester (GP) Limited	England & Wales ¹	Ordinary	50
Highcross Leicester Holdings Limited	England & Wales ¹	Ordinary	50
Highcross Leicester Limited	Jersey ³	Ordinary	50
Highcross Leicester Limited Partnership ⁶	England & Wales ¹	N/A	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
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
Retail Property Holdings (SE) Limited ⁹	Guernsey ⁴	Ordinary	50
Retail Property Holdings Limited ⁹	Isle of Man ⁵	Ordinary	50
Silverburn Investment Advisor Limited	England & Wales ¹	Ordinary	50
Silverburn Unit Trust ^{6,9}	Jersey ³	N/A	50
The Bull Ring Limited Partnership ⁶	England & Wales ¹	N/A	50
The Highcross Limited Partnership ⁶	England & Wales ¹	N/A	50
The Oracle Limited Partnership ⁶	England & Wales ¹	N/A	50
The West Quay Limited Partnership ⁶	England & Wales ¹	N/A	50
Whitgift Limited Partnership ⁶	England & Wales ¹	N/A	50

Registered offices: (1) Kings Place, 90 York Way, London, N1 9GE; (2) 44 Esplanade, St. Helier, Jersey, JE4 9WG; (3) 47 Esplanade, St Helier, Jersey JE1 0BD; (4) Fiman House, St. George's Place, St. Peter Port, Guernsey, GY1 2BH; (5) First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF; (6) No shares in issue for Limited Partnerships or Unit Trusts; (7) Directly owned as at 21 July 2022; (8) The unit trust was terminated on 21 July 2022; (9) Sold on 16 March 2022, see note 18.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)Year ended 31 December 2021**14. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (CONTINUED)****Indirectly held other fixed asset investments**

	Country of registration or operation	Class of share held	Ownership %
Bicester Investors II Limited Partnership	Bermuda ¹	N/A	25
Bicester Investors Limited Partnership	Bermuda ¹	N/A	25
Master Holding BV	Netherlands ²	Ordinary	44
Value Retail Investors II Limited Partnership	Bermuda ¹	N/A	89
Value Retail Investors III Limited Partnership	Bermuda ¹	N/A	50
Value Retail Investors Limited Partnership	Bermuda ¹	N/A	79
Value Retail PLC	UK ³	Ordinary	24
VR European Holdings BV	Netherlands ²	Ordinary	25
VR Franconia GmbH	Germany ⁴	Ordinary	66
VR Ireland BV	Netherlands ²	Ordinary	57
VR La Vallee BV	Netherlands ²	Ordinary	28
VR Maasmechelen Tourist Outlets Comm. VA	Belgium ¹	B-shares	29

Registered offices: Belgium; (1) Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda; (2) TMF, Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, Netherlands; (3) 19 Berkley Street, London, W1J 8ED; (4) Almosenberg, 97877, Wertheim, Germany; (5) Zetellan 100, 3630 Maasmechelen

15. RELATED PARTY TRANSACTIONS

During the year, the Company received £4,530,000 (2020: £5,286,000) in project and asset management fees relating to joint arrangements.

At 31 December 2021, amounts due from these joint arrangements to the Company was £1,434,000 (2020: £3,665,000), net of an impairment provision of £nil (2020: £1,619,000), and amounts due to these joint arrangements was £200,000 (2020: £1,865,000).

In the opinion of the Directors there are no other related party transactions to be disclosed in the current or preceding financial year.

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.

17. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2021, 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 2021, the Company's immediate parent company was Hammerson International Holdings Limited, which is registered in England and Wales.

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.

HAMMERSON UK PROPERTIES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

18. POST BALANCE SHEET EVENTS

In February 2022, the Company disposed of its investment in the following entities:

- Hammerson (Leeds) Limited;
- Hammerson (Leeds Investments) Limited; and
- Hammerson Victoria Quarter Unit Trust

Prior to disposal, the Company invested a further £43,800,000 to recapitalise Hammerson (Leeds) Limited and Hammerson (Leeds Investments) Limited. The net proceeds on the sale of the above entities were circa £62,500,000, representing a profit of circa £17,400,000 on the carrying value of these entities at the date of sale. This profit will be recognised in the Company's financial statements for 2022.

In March 2022, the Company's 100% owned subsidiary, Hammerson (Silverburn) Limited disposed of its 50% holding in the following entities:

- Retail Property Holdings (SE) Limited;
- Retail Property Holdings Limited; and
- Silverburn Unit Trust

The net proceeds on the sale of the above investments were circa £68,000,000, which was equivalent to the carrying value of these entities at 31 December 2021 and at the date of sale.