

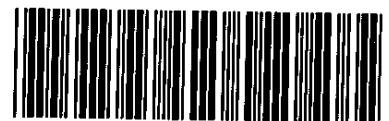
Registered Number: 00298351

HAMMERSON UK PROPERTIES LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

Year ended 31 December 2022

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HAMMERSON UK PROPERTIES LIMITED

DIRECTORS' REPORT

Year ended 31 December 2022

Principal activities and future developments

The principal activity of Hammerson UK Properties Limited (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 £229,941,000 (2021: £279,182,000 loss). No dividends (2021: £nil) were paid during the year.

As at 31 December 2022, the Company had net current liabilities of £675,283,000 (2021: £1,081,061,000) and net assets of £602,224,000 (2021: £210,810,000).

Re-registration as private company and recapitalisation

On 12 May 2022, the Company re-registered from a public company limited by shares to a private company limited by shares.

On 22 December 2022, the Company issued 2,400,000,000 shares of £0.25 each amounting to £600,000,000 to its immediate parent, Hammerson International Holdings Limited, thereby increasing the issued share capital to £1,557,875,000. On the same date and pursuant to section 641(1)(a) of the Companies Act 2006, the issued share capital of the Company was reduced from £1,557,875,000 to £57,875,000 (consisting of 231,500,000 issued ordinary shares of £0.25), by cancelling and extinguishing 6,000,000,000 of the existing issued ordinary shares. The amount by which share capital was reduced (£1,500,000,000) was credited to the Company's retained earnings.

Directors

Unless otherwise stated, all Directors set out below served throughout the year and were in office at the date of approval of this report.

	Appointed	Resigned
Alice A. Darwall		1 April 2022
Robert G. A. Dunn	16 May 2022	
Himanshu H. Raja		
Grégoire Peureux		
Simon C. Travis	1 May 2022	

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 2022.

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

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2022

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's key stakeholders are its occupiers, consumers, communities and members. How the Directors engage with these stakeholders is summarised below:

Stakeholder	Key areas of interest	How we engage
Occupiers We create a platform that fosters success for a diverse and evolving mix of occupiers to deliver unrivalled customer experiences and thrive.	<ul style="list-style-type: none">– Shared commercial objectives; attracting consumers– Vibrant and well-operated destinations– ESG– Occupancy cost	<ul style="list-style-type: none">– Our dedicated leasing team has a leasing strategy for each asset, underpinned by the strategic objectives– We hold regular executive management meetings with our occupiers– The Board receives reports from the senior management team on the performance of our occupiers, which are discussed at its meetings– We have a targeted programme of engagement for future occupiers and partners– We run a brand feedback study with our occupiers to gather input on their satisfaction to help drive stronger, mutually beneficial relationships

HAMMERSON UK PROPERTIES LIMITED

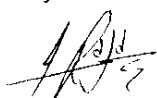
DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2022

Statement in respect of stakeholder engagement (continued)

Stakeholder	Key areas of interest	How we engage
Customers We create vibrant destinations through continually evolving the mix of brands and experiences through placemaking and events that appeal to a broad range of consumers.	<ul style="list-style-type: none"> – Vibrant destinations with engaging occupier mix – Future winning brands – Continuous improvement to enhance consumer engagement and experience – ESG 	<ul style="list-style-type: none"> – We undertake both quantitative and qualitative insight to understand consumer needs – Our marketing, leasing and asset management strategies are focused on ensuring that we curate vibrant destinations for multi-use estates – We invest in optimising space and occupier mix and improving customer facilities – The Board receives regular reports on consumer behaviours and associated needs which provides useful insights into emerging trends at a local and national level and will inform investment decisions and identify future revenue drivers
Communities We continually strive to make a positive difference to the communities in which we operate.	<ul style="list-style-type: none"> – Measurable positive impact in socioeconomic issues relevant to the communities in which we operate – ESG – Community projects focus on four areas: <ul style="list-style-type: none"> – Employment and skills – Local investment and enterprise – Developing young people – Health and wellbeing 	<ul style="list-style-type: none"> – Our local community impacts are positive, and our business activities attract significant additional investment into local economies – We establish a clear placemaking strategy for each asset, that reflects the needs of our local communities, delivered through our asset management programme – We set community engagement plans that address issues identified as relevant to local communities – We develop long-term partnerships with organisations that share our focus areas – The Directors received a report of the progress against socio-economic targets as part of the sustainability strategy – Our ESG group considers donations to suitable charities in line with our four focus areas, including charities local to our assets, complementing our sustainability goals
Partners We strive to be a responsible partner with a wide range of partners that enable us to deliver our strategy.	<ul style="list-style-type: none"> – Current and future financial performance – Operational excellence – Corporate governance – Innovation – Consumer trends and insight – ESG 	<ul style="list-style-type: none"> – Asset managers provide 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 partners as part of the decision-making process about future strategy and direction

By order of the Board



H.R. Raja

Director

4 August 2023

HAMMERSON UK PROPERTIES LIMITED

STRATEGIC REPORT

Year ended 31 December 2022

Review of the business

Performance during the year

The Company has interests in a significant number of property-owning subsidiary undertakings and joint ventures. During the year, the Company's investment in group entities decreased by £43,812,000 mainly owing to the disposal of several subsidiaries (see note 9) as part of the Group's focus on core assets. There were additions of £120,018,000 comprising £43,800,000 relating to the recapitalisation of two entities holding property investments in Leeds, prior to their disposal, and £76,218,000 of intercompany receivables capitalised to the cost of investments as part of the Bullring, Birmingham restructure; described in the paragraph below.

During the year the Company restructured its directly and indirectly owed investments in the Bullring entities, resulting in no net change to its total direct and indirect ownership in Bullring.

The Company's impairment provision increased by £130,717,000 during the year largely due to declining values of properties held by group entities owned by the Company.

Future prospects

Whilst the Directors are very mindful of the uncertain macroeconomic outlook and the cost of living crisis, significant progress has been made in the last two years, with leasing volumes and collections returning to pre-pandemic levels. The Directors believe that the Company is well positioned to continue to deliver another year of progress in 2023 and do not anticipate any significant change in the Company's principal activity in the foreseeable future.

Key performance indicators

	2022 £'000	2021 £'000
Investment income	9,991	9,500
Net asset value	602,224	210,810

Principal risks

Overview

2022 was a mixed year from a risk perspective. The post pandemic period resulted in a steady recovery in footfall and collections, and a strong leasing performance with reduced vacancy levels. These positive trends contrasted with the heightened level of macroeconomic and geopolitical uncertainty, primarily related to the ongoing war in Ukraine, and the associated economic challenges on both consumers and businesses from high inflation, rising interest rates and supply chain pressures.

Against this backdrop, effective risk management is critical to protect the Company's income, assets, and reputation. The Directors review and monitor financial, operational and reputational risks and consider their impact on the Company as part of the wider Hammerson Group's forecasting and business planning process.

Near term

The key short-term risks facing the Company and its subsidiaries continue to be the collection of historical arrears arising from the Covid-19 pandemic and more recently, the macroeconomic environment, with the UK forecast to potentially enter a recession in 2023. While the macroeconomic backdrop is adversely impacting consumers, the UK business rate revaluation has been favourable to the vast majority of the tenants of the Company and its subsidiary and joint venture investments, which continue to seek optimal trading locations.

HAMMERSON UK PROPERTIES LIMITED

STRATEGIC REPORT (CONTINUED)

Year ended 31 December 2022

Principal risks (continued)


Longer-term

The key on-going and longer-term risks facing the Company relate to tenant exposure and the strength of the UK property market, the latter being impacted by increased online penetration and potential 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 are compared against target returns. There is a risk forum for managing the key development risks.

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 2022 which can be obtained as described in note 16.

Signed on behalf of the Board of Directors



H.R. Raja
Director
4 August 2023

HAMMERSON UK PROPERTIES LIMITED**INCOME STATEMENT**For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	2	6,174	4,776
Other property (outgoings)/income		(1,067)	210
Change in the provision for amounts not yet recognised in the income statement		10	27
Administrative expenses	3	<u>(19,519)</u>	<u>(21,838)</u>
Operating loss before other net losses		(14,403)	(16,825)
Other net losses	4	<u>(188,544)</u>	<u>(252,604)</u>
Operating loss		(202,947)	(269,429)
Investment income	5	<u>9,991</u>	<u>9,500</u>
Loss on ordinary activities before net finance costs		(192,956)	(259,929)
Net finance costs	6	<u>(29,985)</u>	<u>(19,253)</u>
Loss on ordinary activities before taxation		(222,941)	(279,182)
Taxation	7	<u>-</u>	<u>-</u>
Loss for the year		<u>(222,941)</u>	<u>(279,182)</u>

All amounts relate to continuing activities.

HAMMERSON UK PROPERTIES LIMITED**STATEMENT OF COMPREHENSIVE INCOME**For the year ended 31 December 2022

	2022 £'000	2021 £'000
Loss for the year	(222,941)	(279,182)
Items that may subsequently be recycled through the income statement		
Unrealised revaluation gain/(loss) on investments (note 9c)	<u>14,355</u>	<u>(26,003)</u>
Total comprehensive loss for the year	<u>(208,586)</u>	<u>(305,185)</u>

HAMMERSON UK PROPERTIES LIMITED

BALANCE SHEET As at 31 December 2022

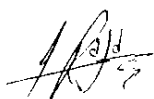
	Note	2022 £'000	2021 £'000
Non-current assets			
Investment properties	8	27,863	2,071
Investments	9	<u>1,249,644</u>	<u>1,289,800</u>
		1,277,507	1,291,871
Current assets			
Receivables	10	647,628	11,664
Current liabilities			
Payables	11	<u>(1,322,911)</u>	<u>(1,092,725)</u>
Net current liabilities		(675,283)	(1,081,061)
Total assets less current liabilities		602,224	210,810
Net assets		602,224	210,810
Capital and reserves			
Share capital	12	57,875	957,875
Share premium		54,043	54,043
Revaluation reserve		103,168	88,813
Retaining earnings/(accumulated losses)		<u>387,138</u>	<u>(889,921)</u>
Total equity		602,224	210,810

For the year ended 31 December 2022, 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 approved by the Board of Directors and signed on its behalf by:



H.R. Raja
Director
4 August 2023

Registered number: 00298351

HAMMERSON UK PROPERTIES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Retained earnings/ (Accumulated losses) £'000	Total equity £'000
At 1 January 2021	957,875	54,043	114,816	(610,739)	515,995
Total 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	957,875	54,043	88,813	(889,921)	210,810
Total comprehensive income / (loss) for the year	-	-	14,355	(222,941)	(208,586)
Issue of share capital	600,000	-	-	-	600,000
Share capital reduction	<u>(1,500,000)</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>
At 31 December 2022	<u>57,875</u>	<u>54,043</u>	<u>103,168</u>	<u>387,138</u>	<u>602,224</u>

HAMMERSON UK PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

1. ACCOUNTING POLICIES

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. The nature of the Company's operations and its principal activities are set out on pages 1, 4 and 5. The address of the registered office is Marble Arch House, 66 Seymour Street, London W1H 5BX.

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

(a) Basis of accounting

New accounting standards, amendments, or interpretations, which were effective for the Company for the first time during the financial year had no, or no material impact on the financial statements.

Basis of preparation

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 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.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- comparative information in respect of certain assets;
- capital management;
- financial instruments;
- a statement of cash flows;
- future accounting standards not yet effective; and
- related party transactions.

Where relevant, equivalent disclosures have been given in the consolidated financial statements of Hammerson plc into which the Company is consolidated.

These are separate financial statements. The Company is exempt from preparing consolidated financial statements as it is wholly owned part of a Group whose consolidated financial statements are publicly available as described in note 16.

HAMMERSON UK PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

1. ACCOUNTING POLICIES (CONTINUED)

(b) Going concern

The Company has no external borrowings or debt covenants, however as at 31 December 2022 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 investments.

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.

(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.

(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.

HAMMERSON UK PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

1. ACCOUNTING POLICIES (CONTINUED)

(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. Other fixed asset investments are carried at the balance sheet date at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve.

(j) Trade and other receivables

Trade and other receivables are initially measured at fair value, subsequently measured at amortised cost and, where the effect is material, discounted to reflect the time value of money. Trade and other receivables are shown net of any loss allowance provision. In order to calculate any loss allowance, the simplified approach is applied to determine the Expected Credit Loss (ECL).

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(m).

(k) Trade and other payables

Trade payables are non-interest bearing and are stated at cost which equates to their fair value.

(l) Financial assets and liabilities

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 are derecognised when and only when either:

- the contractual rights to the cash flows from the financial asset expire or are settled;
- the Company transfers to another party substantially all the risks and rewards of ownership of the financial asset; or
- 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

1. ACCOUNTING POLICIES (CONTINUED)

(m) Critical accounting policies and estimation uncertainties

The preparation of financial statements requires management to make judgements, estimates and assumptions about the application of its accounting policies which affect the reported amounts of assets, liabilities, income, and expenses. Actual amounts and results may differ from those estimates.

Judgements and estimates are evaluated regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Any revisions to accounting estimates are recognised in the period in which the estimate is revised.

Significant estimates

Valuation of investments

The Company's investments comprise entities which are carried in the balance sheet at historical cost less provision for impairment, which is measured based upon the net assets of the entities in which the company invests. The principal assets of these entities are investment properties which are valued six-monthly by professionally qualified external valuers.

Property valuations

Backdrop

The valuation of the Company's portfolio of properties (and those held by its investments) is the most material area of estimation due to its inherent subjectivity, reliance on assumptions and sensitivity to market fluctuations. The property portfolio is valued by external valuers in accordance with RICS Valuation - Global Standards and during the year all Covid-19 related assumptions from the valuations were removed.

The 31 December 2022 report includes a general commentary on wider issues including uncertainty caused by the war in Ukraine and associated cost, supply chain, rising interest rates and inflationary pressures. Key areas of estimate highlighted included:

- estimation of market rents based on an increased level of activity;
- consideration of appropriate levels of void costs and rent-free period;
- the impact of shortening lease lengths; and
- the basis of yield assumptions recognising the selective return of investor appetite towards the retail sector

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. 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 currently make limited explicit adjustment to their valuations 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.

HAMMERSON UK PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

1. ACCOUNTING POLICIES (CONTINUED)

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

Impairment of receivables

The Directors have assessed the recoverability of amounts due from related undertakings, considering the value of their underlying net assets. The principal assets of 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.

2. REVENUE

	2022 £'000	2021 £'000
Gross rental income	2,058	246
Management fees receivable from investments	4,116	4,530
	<u>6,174</u>	<u>4,776</u>

3. ADMINISTRATIVE EXPENSES

	2022 £'000	2021 £'000
Management fee payable to fellow group undertaking	(19,472)	(21,805)
Other administrative expenses	(47)	(33)
	<u>(19,519)</u>	<u>(21,838)</u>

The Company had no employees (2021: none). The Directors did not receive any remuneration for their services (2021: £nil).

4. OTHER NET LOSSES

	2022 £'000	2021 £'000
Consideration received for historical property disposals	99	245
Profit on sale of investment properties	-	1,163
Loss on sale of shares in group entities	(43,436)	(39,766)
Revaluation losses on properties	(519)	(230)
Impairment of investments	(130,717)	(203,463)
Impairment of intercompany receivables	(13,971)	(10,553)
	<u>(188,544)</u>	<u>(252,604)</u>

5. INVESTMENT INCOME

	2022 £'000	2021 £'000
Dividends and distributions received	<u>9,991</u>	<u>9,500</u>

HAMMERSON UK PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

6. NET FINANCE COSTS

	2022 £'000	2021 £'000
Interest payable to ultimate parent company	(30,012)	(19,242)
Other net interest receivable/(payable)	27	(11)
	<u>(29,985)</u>	<u>(19,253)</u>

7. TAXATION

(a) Tax charge

	2022 £'000	2021 £'000
UK corporation tax	-	-
Reconciliation of notional tax to actual tax charge		
Loss on ordinary activities before taxation	<u>(222,941)</u>	<u>(279,182)</u>
Loss at UK corporation tax rate of 19% (2021: 19%)	(42,359)	(53,045)
Tax-exempt losses	1,004	673
Loss on sale of fixed asset investments	8,253	7,556
Revaluation losses on properties	99	44
Increase in impairment provision on investments	24,836	38,658
Impairment provision on intercompany receivables	2,655	2,005
Investment income not taxable	(1,898)	(1,805)
Tax losses surrendered as group relief	7,429	6,181
Other gains	<u>(19)</u>	<u>(267)</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

(b) Unrecognised deferred tax

A deferred tax asset is not recognised for UK revenue and capital losses where future utilisation is uncertain. The total of such unrecognised losses was £158,000,000 (2021: £158,000,000) and £486,000,000 (2021: £460,000,000), respectively, and the potential tax effect of these was £39,500,000 (2021: £39,500,000) and £121,500,000 (2021: £115,000,000), respectively.

8. INVESTMENT PROPERTIES

	2022 £'000	2021 £'000
At 1 January	2,071	4,151
Additions	26,311	-
Disposals	-	(1,850)
Revaluation loss	<u>(519)</u>	<u>(230)</u>
At 31 December	27,863	2,071
Analysed as		
Freehold	27,243	1,421
Long leasehold	<u>620</u>	<u>650</u>
	<u>27,863</u>	<u>2,071</u>

HAMMERSON UK PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

8. INVESTMENT PROPERTIES (CONTINUED)

Additions in the year relate predominantly to the transfer of Eastgate lands, from Hammerson (Leeds Investments) Limited, at its market value at 31 December 2021.

Properties are stated at fair value, valued by professionally qualified external valuers, CBRE Limited, Chartered Surveyors in accordance with the RICS Valuation – Global Standards.

9. INVESTMENTS

(a) Analysis of investments

		2022 £'000	2021 £'000
Share of group undertakings	(b)	1,115,301	1,169,812
Other fixed asset investments	(e)	134,343	119,988
		<u>1,249,644</u>	<u>1,289,800</u>

(b) Shares group undertakings

	2022 £'000	2021 £'000
Cost		
At 1 January	3,849,869	4,101,153
Additions	120,018	347
Disposals	(154,828)	(251,631)
At 31 December	<u>3,815,059</u>	<u>3,849,869</u>
Impairment		
At 1 January	(2,680,057)	(2,610,119)
Additions	(130,717)	(203,463)
Disposals	111,016	133,525
At 31 December	<u>(2,699,758)</u>	<u>(2,680,057)</u>
Net book value	<u>1,115,301</u>	<u>1,169,812</u>

(c) Additions to group undertakings

The Company invested £43,800,000 to recapitalise Hammerson (Leeds) Limited and Hammerson (Leeds Investments) Limited prior to their disposal.

In addition, intercompany receivables of £76,218,000 were capitalised to the cost of investments as part of the Bullring, Birmingham restructure. See page 4 for further information on this restructure.

(d) Disposals of group undertakings

2022

In February 2022, the Company disposed of its investment in the following entities generating net proceeds of £1,600,000 and a loss of £42,900,000 (including selling costs of £700,000).

- Hammerson (Leeds) Limited;
- Hammerson (Leeds Investments) Limited; and

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- Hammerson Victoria Quarter Unit Trust.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

9. INVESTMENTS (CONTINUED)

(d) Disposals of group undertakings (continued)

2022 (continued)

In March 2022, the Company's 100% owned subsidiary, Hammerson (Silverburn) Limited disposed of its 50% interest in the following entities generating net proceeds of £68,000,000 and a £nil gain/loss.

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

In addition, the Company incurred £500,000 of selling costs to facilitate this disposal.

2021

Comprised mainly shares in five wholly owned subsidiaries: Hammerson (Merthyr) Limited; Hammerson (Rugby) Limited; Hammerson Ravenhead Limited; Hammerson (Didcot) Limited; and Hammerson (Didcot II) Limited).

Details of remaining investments in group undertakings are set out in note 14.

(e) Other fixed asset investments

	2022 £'000	2021 £'000
At 1 January	119,988	145,991
Revaluation gains/(losses)	14,355	(26,003)
At 31 December	134,343	119,988

Other fixed asset investments comprise mainly investments in Value Retail plc and related companies.

10. TRADE AND OTHER RECEIVABLES: CURRENT

(a) Analysis net of provisioning (as shown in note 10(b))

	2022 £'000	2021 £'000
Trade receivables	190	284
Amounts owed by subsidiary undertakings	39,100	2,948
Amounts owed by fellow group undertakings	605,931	5,639
Other receivables	2,407	2,793
	647,628	11,664

Amounts owed by fellow group undertakings increased as a result of the Company's £600,000,000 (2,400,000,000) share issue to its immediate parent in the year. The balance will be cleared down to the ultimate parent company in 2023.

All amounts are non-interest bearing, unsecured and are repayable on demand.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

10. TRADE AND OTHER RECEIVABLES: CURRENT (CONTINUED)

(b) Provisioning

	Amounts owed by subsidiary undertaking		Other receivables	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 January	25,269	14,716	682	220
Additions / (release)	163	10,553	(630)	482
At 31 December	25,432	25,269	52	682

11. TRADE AND OTHER PAYABLES: CURRENT

	2022 £'000	2021 £'000
Trade payables	296	55
Amounts owed to ultimate parent company	1,084,062	1,042,238
Amounts owed to subsidiary undertakings	191,578	27,049
Amounts owed to fellow group undertakings	28,194	18,396
Other payables	18,723	3,972
Accruals	58	1,015
	1,322,911	1,092,725

Amounts owed to subsidiary undertakings increased by £164,529,000 during the year mainly resulting from a balance payable from the ultimate parent to the subsidiary undertaking Hammerson Highcross Investments Limited, being transferred to the Company. This balance was transferred in anticipation of a distribution being received from Hammerson Highcross Investments Limited prior to its strike off. The distribution and strike off are scheduled to happen during the first half of 2023.

Amounts owed to the ultimate parent company are repayable on demand and bear interest at variable rates based on SONIA (2021: LIBOR). 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

	2022 £'000	2021 £'000
Allotted, called up and fully paid:		
231,500,000 (2021: 3,831,500,000) ordinary shares of 25p each	57,875	957,875

On 22 December 2022, the Company issued 2,400,000,000 shares of £0.25 each amounting to £600,000,000 to its immediate parent, Hammerson International Holdings Limited thereby increasing the issued share capital to £1,557,875,000.

On the same date and pursuant to section 641(1)(a) of the Companies Act 2006, the issued share capital of the Company was reduced from £1,557,875,000 to £57,875,000 consisting of 231,500,000 issued ordinary shares of £0.25, by cancelling and extinguishing 6,000,000,000 of the existing issued ordinary shares and the £1,500,000,000 by which the share capital was reduced and credited to the Company's retained earnings.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

13. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS

a) Direct subsidiaries

Unless otherwise stated, the Company has a direct 100% interest in the ordinary share capital (unless a Limited Partnership where no shares are in issue) of the following entities, which are registered/operate in the countries as shown:

England & Wales

Registered office: Marble Arch House, 66 Seymour Street, London W1H 5BX

280 Bishopsgate Investments Limited	Hammerson Bull Ring 2 Limited
Bull Ring (GP2) Limited	Hammerson Bull Ring Limited
Hammerson (Brent Cross) Limited	Hammerson Croydon (GP1) Limited
Hammerson (Brent South) Limited	Hammerson Croydon (GP2) Limited
Hammerson (Bristol Investments) Limited	Hammerson Investments (N0.37) Limited
Hammerson (Bristol) Limited	Hammerson Investments (No 12) Limited
Hammerson (Cardiff) Limited	Hammerson Investments (No.16) Limited
Hammerson (Coventry) Limited	Hammerson Investments (No.23) Limited
Hammerson (Cramlington I) Limited	Hammerson Investments (No.36) Limited
Hammerson (Cricklewood) Limited	Hammerson Investments Limited
Hammerson (Croydon) Limited	Hammerson Junction (No 3) Limited
Hammerson (Euston Square) Limited ¹	Hammerson Junction (No 4) Limited ²
Hammerson (Exeter II) Limited ²	Hammerson Martineau Galleries Limited
Hammerson (Folkestone) Limited	Hammerson MGLP 2 Limited
Hammerson (Leeds Developments) Limited ²	Hammerson MGLP Limited
Hammerson (Leeds GP) Limited ²	Hammerson Moor House (LP) Limited
Hammerson (Leicester GP) Limited ²	Hammerson Operations Limited
Hammerson (Milton Keynes) Limited	Hammerson Oracle Investments Limited
Hammerson (Moor House) Properties Limited ²	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 ²	Hammerson Shelf Co 14 Limited
Hammerson (Victoria Investments) Limited	LWP Limited Partnership
Hammerson (Victoria Quarter) Limited	RT Group Developments Limited
Hammerson (Watermark) Limited	RT Group Property Investments Limited
Hammerson (Whitgift) Limited	West Quay Shopping Centre Limited
Hammerson Birmingham Properties Limited	

(1) Interest in ordinary share capital is 25% direct, 75% indirect; (2) Dissolved on 2 May 2023

Isle of Man

Registered office: First Names House, Victoria Road, Douglas, IM2 4DF

Hammerson (Silverburn) Limited

Jersey

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

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

(1) Registered office: 44 Esplanade, St. Helier, Jersey JE4 9WG; (2) Sold on 21 April 2023, see note 17.

Northern Ireland

Registered office: 50 Bedford Street, Belfast, BT2 7FW

Abbey Retail Park Limited

Monesan Limited

Scotland

Registered office: 1 West Regent Street, Glasgow, G2 1AP

Union Square Developments Limited

HAMMERSON UK PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

13. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (CONTINUED)

b) Indirect subsidiaries and wholly owned entities

Unless otherwise stated, the Company has an indirect 100% interest in the ordinary share capital (unless a Limited Partnership where no shares are in issue) of the following entities, which are registered/operate in the countries as shown:

England & Wales

Registered office: Marble Arch House, 66 Seymour Street, London W1H 5BX

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

(1) Dissolved on 2 May 2023; (2) Ordinary & deferred shares; (3) Ordinary & preference shares.

Jersey

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

The Junction Thurrock Unit Trust	The Junction Unit Trust
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c) Indirectly held joint venture entities

Unless otherwise stated, the Company has an indirect 50% interest in the ordinary share capital (unless a Partnership, Limited Partnership, or Unit Trust where no shares are in issue) of the following entities, which are registered/operate in the countries as shown:

England & Wales

Registered office: Marble Arch House, 66 Seymour Street, London, W1H 5BX

Bishopsgate Goodsyard Regeneration Limited	Highcross (GP) Limited
Brent Cross Partnership ¹	Highcross Leicester (GP) Limited
Bristol Alliance (GP) Limited	Highcross Leicester Holdings Limited
Bristol Alliance Limited Partnership	Highcross Leicester Limited Partnership
Bristol Alliance Nominee No.1 Limited	Highcross Residential (Nominees 1) Limited
Bristol Alliance Nominee No.2 Limited	Highcross Residential (Nominees 2) Limited
BRLP Rotunda Limited	Highcross Residential Properties Limited ³
Bull Ring (GP) Limited	Highcross Shopping Centre Limited
Bull Ring No.1 Limited	Oracle Nominees (No. 1) Limited
Bull Ring No.2 Limited	Oracle Nominees (No. 2) Limited
Croydon (GP1) Limited ²	Oracle Nominees Limited
Croydon (GP2) Limited ²	Oracle Shopping Centre Limited
Croydon Car Park Limited ²	Reading Residential Properties Limited
Croydon Limited Partnership ²	Silverburn Investment Advisor Limited ⁴
Croydon Management Services Limited ²	The Bull Ring Limited Partnership
Croydon Property Investments Limited ²	The Highcross Limited Partnership
Grand Central (GP) Limited	The Oracle Limited Partnership
Grand Central Limited Partnership	The West Quay Limited Partnership
Grand Central No 1 Limited	Whitgift Limited Partnership ²
Grand Central No 2 Limited	

(1) 41% ownership; (2) Sold on 21 April 2023, see note 17; (3) Dissolved on 25 April 2023; (4) Dissolved on 2 May 2023.

Jersey

Registered office: 47 Esplanade, St Helier, Jersey, JE1 0BD, unless otherwise indicated

Croydon Jersey Unit Trust ¹	Highcross (No.2) Limited
Grand Central Unit Trust ²	Highcross Leicester Limited
Highcross (No.1) Limited	

(1) Sold on 21 April 2023, see note 17; (2) Registered Office: 44 Esplanade, St. Helier, Jersey, JE4 9WG.

HAMMERSON UK PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

13. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (CONTINUED)

d) Indirectly held other fixed asset investments

Unless otherwise stated, the Company has an indirect interest in the ordinary share capital of the following entities (unless a Limited Partnership where no shares are in issue), which are registered/operate in the countries as shown:

Belgium

Registered office: Zetellan 100, 3630 Maasmechelen, Belgium	Ownership %
VR Maasmechelen Tourist Outlets Comm. VA*	29

* B-shares held.

Bermuda

Registered office: Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda	Ownership %
Bicester Investors Limited Partnership	25
Bicester Investors II Limited Partnership	25
Value Retail Investors Limited Partnership	79
Value Retail Investors II Limited Partnership	89
Value Retail Investors III Limited Partnership	50

England & Wales

Registered office: 19 Berkeley Street, London, W1J 8ED	Ownership %
Value Retail PLC	24

Germany

Registered office: Almosenberg, 97877, Wertheim, Germany	Ownership %
VR Franconia GmbH	66

Netherlands

Registered office: TMF, Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, Netherlands	Ownership %
Master Holding BV	44
VR European Holdings BV	25
VR Ireland BV	57
VR La Vallee BV	28

14. RELATED PARTY TRANSACTIONS

As explained in note 1(a) the Company has taken advantage of the exemption not to disclose transactions between the Company and other 100% owned Hammerson entities. The below disclosures therefore reflect transactions between the Company and indirectly held joint ventures and other fixed asset investments.

	2022	2021
	£'000	£'000
Income statement		
Project and asset management fees relating to joint arrangements [†]	4,116	4,530

[†]As included in note 2.

Balance sheet

Receivables*	4,190	1,434
Payables*	(35,026)	(200)

*Included in amounts owed by/to fellow group undertaking per note 10 and 11.

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 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

15. GUARANTEES

The Company has provided guarantees arising in the normal course of business in respect of certain subsidiaries.

16. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent and controlling entity is Hammerson International Holdings Limited, a company registered in England and Wales.

The Company's ultimate parent company is Hammerson plc, which is registered in England and Wales and is the largest and smallest group, which includes the Company, and for which consolidated financial statements are prepared. Copies of its financial statements are available from that company's registered office; Marble Arch House, 66 Seymour Street, London, W1H 5BX.

17. POST BALANCE SHEET EVENTS

In April 2023, the Company disposed of its investments in the following entities:

- Croydon (GP1) Limited;
- Croydon (GP2) Limited;
- Croydon Car Park Limited;
- Croydon Jersey Unit Trust;
- Croydon Limited Partnership;
- Croydon Management Services Limited;
- Croydon Property Investments Limited;
- Hammerson Croydon Investments Limited;
- Hammerson Whitgift Investments Limited; and
- Whitgift Limited Partnership.

The profit/loss on disposal will be recognised in the Company's financial statements for 2023.