

Company Number: 00643320

WEST QUAY SHOPPING CENTRE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2018

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WEST QUAY SHOPPING CENTRE LIMITED

DIRECTORS' REPORT

Year ended 31 December 2018

The Directors' Report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and consequently no Strategic Report has been prepared.

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of West Quay Shopping Centre Limited (the "Company") is to act as General Partner to The West Quay Limited Partnership. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

2. RESULTS AND DIVIDENDS

The profit for the year after tax was £3,793,000 (2017: £2,941,000). The Directors do not recommend the payment of a dividend for the year (2017: £nil).

Net assets for the Company as at 31 December 2018 were £228,696,000 (2017: £224,903,000).

3. DIRECTORS

- (a) Mr. W.S. Austin, Mr. M.R. Bourgeois, Mr. P.F. Cooper and Mr. R.G. Shaw were Directors of the Company throughout the year.
- (b) Mr. P.F. Cooper resigned as a Director of the Company on 30 April 2019.
- (c) A.J. Berger-North was appointed as a Director of the Company on 30 April 2019.
- (d) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (e) No Director has any interests in contracts entered into by the Company.

4. SECRETARY

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

5. GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2018 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

6. INDEMNITY

The Company's ultimate parent company, Hammerson plc, has made 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.

WEST QUAY SHOPPING CENTRE LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2018

7. INDEPENDENT AUDITORS

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

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

WEST QUAY SHOPPING CENTRE LIMITED

REPORT OF THE DIRECTORS' (CONTINUED)

Year ended 31 December 2018

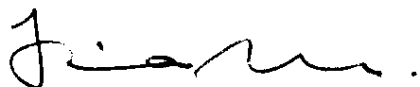
8. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (continued)

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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

By order of the Board



J. Crane

For and on behalf of
Hammerson Company Secretarial Limited
acting as Secretary

Date: 11 September 2019

Registered Office:

Kings Place, 90 York Way
London N1 9GE

Registered in England and Wales No 07784823

WEST QUAY SHOPPING CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST QUAY SHOPPING CENTRE LIMITED

Opinion

In our opinion, West Quay Shopping Centre Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; the and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Reporting on other information

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

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

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

WEST QUAY SHOPPING CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST QUAY SHOPPING CENTRE LIMITED (CONTINUED)

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

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements set out on page 2, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

WEST QUAY SHOPPING CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST QUAY SHOPPING CENTRE LIMITED (CONTINUED)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Sonia Copeland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 11 Sept. 2019

WEST QUAY SHOPPING CENTRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Net finance income	3	<u>3,793</u>	<u>2,941</u>
Profit on ordinary activities before and after taxation and total comprehensive income for the financial year		<u>3,793</u>	<u>2,941</u>

All amounts relate to continuing activities.

WEST QUAY SHOPPING CENTRE LIMITED

BALANCE SHEET

As at 31 December 2018

	Note	2018		2017	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments	5		-		-
Current assets					
Receivables	6	228,922		225,129	
Current liabilities					
Payables	7	<u>(226)</u>		<u>(226)</u>	
Net current assets			<u>228,696</u>		<u>224,903</u>
Net assets			<u>228,696</u>		<u>224,903</u>
Capital and reserves					
Called up share capital	8		23,000		23,000
Retained earnings	9		<u>205,696</u>		<u>201,903</u>
Shareholder's equity			<u>228,696</u>		<u>224,903</u>

The financial statements were authorised for issue by the Board of Directors on 11 September 2019 and were signed on its behalf.



W. S. Austin
Director

Company Number: 00643320

WEST QUAY SHOPPING CENTRE LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2018

	Called up share capital £'000	Retained earnings £'000	Shareholders equity £'000
Balance at 1 January 2017	23,000	198,962	221,962
Profit and total comprehensive income for the year	-	2,941	2,941
Balance at 31 December 2017	23,000	201,903	224,903
Profit and total comprehensive income for the year	-	3,793	3,793
Balance at 31 December 2018	23,000	205,696	228,696

WEST QUAY SHOPPING CENTRE LIMITED

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2018

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

During 2018, the following relevant new and revised Standards and Interpretations have been adopted:

- IFRS 9 Financial Instruments, effective for accounting periods beginning on or after 1 January 2018.
- IFRS 15 Revenue from Contracts with Customers, effective for accounting periods beginning on or after 1 January 2018.

Impact of new and revised Standards

IFRS 9 Financial Instruments

This standard deals with the classification, measurement and recognition of financial assets and liabilities and replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement.

The standard also introduces an expected credit losses model, which replaces the incurred loss impairment model. Under IFRS9, entities are required to calculate expected credit losses on all financial assets, including intercompany loans within the scope of IFRS 9. The financial impact of the new standard is immaterial, given the primary financial assets relate to receivables from Hammerson plc.

IFRS 15 Revenue from Contracts with Customers

The standard is based on the principle that revenue is recognised when control passes to a customer. Having carried out an assessment of the standard there is no impact on the Company.

Basis of preparation

West Quay Shopping Centre Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 1. The address of the registered office is Kings Place, 90 York Way, London, N1 9GE.

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

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

WEST QUAY SHOPPING CENTRE LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

(a) Basis of accounting (continued)

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(h).

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. No additional exemptions have arisen from the updates to IFRS 9 and IFRS 15:

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

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. The financial statements of Hammerson plc can be obtained as described in note 11.

WEST QUAY SHOPPING CENTRE LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

(b) Going concern

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about the future trading performance. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

(c) Investments

Fixed asset investments, including investments in subsidiaries and other related undertakings, are stated at cost less provision for impairment.

(d) Net finance income

Net finance income comprises interest receivable from group undertakings and is included in the statement of comprehensive income.

(e) Loans receivable

Loans receivable are financial assets which are initially measured at fair value, plus acquisition costs and are subsequently measured at amortised cost, using the effective interest method, less any impairment.

(f) Borrowings

Borrowings are recognised initially at fair value, after taking account of any discount on issue and attributable transaction costs. Subsequently, borrowings are held at amortised cost, such that discounts and costs are charged to the statement of comprehensive income over the term of the borrowing at a constant return on the carrying value of the liability.

(g) 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 and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

WEST QUAY SHOPPING CENTRE LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

(h) 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. At 31 December 2018 the Directors do not believe there are any critical accounting policies or areas of estimation uncertainty.

2. ADMINISTRATION EXPENSES

The average number of employees during the year, excluding Directors, was nil (2017: nil).

The Directors did not receive any remuneration for their services from the Company in the year (2017: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure.

Another group company has paid the auditors' fees for the audit of the Company's annual financial statement in both the current and preceding financial year. Fees for the audit of the Company were £1,530 (2017: £1,500).

3. NET FINANCE INCOME

	2018 £'000	2017 £'000
Interest received from ultimate parent company	<u>3,793</u>	<u>2,941</u>

4. TAXATION

The Company's ultimate parent company, Hammerson plc, is taxed as a UK Real Estate Investment Trust ("UK REIT"), and as a consequence, group companies are exempted from UK corporation tax on the profits of a UK property rental business and on the gains on UK investment properties, including where that property rental business is conducted via a partnership.

Group companies remain subject to UK corporation tax on items other than UK property rental profits and gains on UK investment properties but, as the Group has surplus tax losses, the Group's policy is for these taxable profits and losses to be fully offset by group relief surrendered without payment, so that individual subsidiaries do not bear tax.

The Company therefore had no tax charge for the year (2017: nil), and this is expected to continue for the foreseeable future. Profits covered by group relief for the year ended 31 December 2018 are £3,811,000 (2017: £2,943,000).

WEST QUAY SHOPPING CENTRE LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

5. INVESTMENTS

	2018 £	2017 £
Cost and net book value		
At 1 January and 31 December	<u>102</u>	<u>102</u>

Investments include an investment of £100, which represents a 49.995% interest in The West Quay Limited Partnership which is registered in England and Wales and whose principal activity is property investment. The registered office of the Company is Kings Place, 90 York Way, London N1 9GE.

Investments also include the Company's direct shareholding of £2 that represents a 100% interest in its subsidiary Governeffect Limited, incorporated in the United Kingdom and registered in England and Wales. Governeffect Limited holds an investment comprising a 0.01% beneficial interest in a protective lease on the site of West Quay, Southampton. The registered office of Governeffect Limited is Kings Place, 90 York Way, London N1 9GE.

6. RECEIVABLES: CURRENT ASSETS

	2018 £'000	2017 £'000
Amounts owed by ultimate parent company	224,954	221,161
Amounts owed by Limited Partners	<u>3,968</u>	<u>3,968</u>
	<u>228,922</u>	<u>225,129</u>

All amounts shown under receivables fall due for payment within one year and are repayable on demand. Amounts owed by the ultimate parent company bear interest at variable rates based on LIBOR. Amounts owed by the Limited Partners are non-interest bearing. All amounts owed are unsecured

7. PAYABLES: CURRENT LIABILITIES

	2018 £'000	2017 £'000
Amounts owed to The West Quay Limited Partnership	88	88
Other creditors and accruals	<u>138</u>	<u>138</u>
	<u>226</u>	<u>226</u>

All amounts owed to The West Quay Limited Partnership are repayable on demand and are non-interest bearing.

WEST QUAY SHOPPING CENTRE LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

8. CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
Authorised		
115,000,001 Class A ordinary shares of £0.10 each	11,500	11,500
115,000,001 Class B ordinary shares of £0.10 each	11,500	11,500
	23,000	23,000
	2018 £'000	2017 £'000
Allotted, called up and fully paid		
115,000,001 Class A ordinary shares of £0.10 each	11,500	11,500
115,000,001 Class B ordinary shares of £0.10 each	11,500	11,500
	23,000	23,000

The A and B ordinary shares are owned by Hammerson UK Properties plc. All classes of share rank pari passu in all respects.

9. RESERVES

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

<u>Reserve</u>	<u>Description and purpose</u>
Share capital	Nominal value of share capital subscribed for
Retained earnings	Cumulative profits and losses less any dividends paid

10. ADVANCES, CREDIT AND GUARANTEES

The Company did not grant any credits, advances or guarantees of any kind to its Directors during the year.

11. ULTIMATE PARENT COMPANIES AND CONTROLLING PARTIES

At 31 December 2018, 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 these financial statements. At 31 December 2018, the Company's immediate parent company was Hammerson UK Properties plc.

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.

Partnership registration: LP012185

THE WEST QUAY LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2018

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 00643320

THE WEST QUAY LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER

Year ended 31 December 2018

West Quay Shopping Centre Limited (the "General Partner") submits its report and the audited financial statements for The West Quay Limited Partnership (the "Partnership's") for the year ended 31 December 2018.

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Partnership is property investment in the United Kingdom. The General Partner does not anticipate any significant change in the principal activity in the foreseeable future.

2. RESULTS AND DISTRIBUTIONS

The loss for the financial year before partners' interests was £37,470,000 (2017: profit £47,273,000). Distributions of £nil were declared for the year (2017: £nil).

Net liabilities for the Partnership as at 31 December 2018 were £49,160,000 (2017: £11,690,000).

3. DIRECTORS OF THE GENERAL PARTNER

- (a) Mr. W.S. Austin, Mr. M.R. Bourgeois, Mr. P.F. Cooper and Mr. R.G. Shaw were Directors of the General Partner throughout the year.
- (b) Mr. P.F. Cooper resigned as a Director of the Company on 30 April 2019.
- (c) A.J. Berger-North was appointed as a Director of the Company on 30 April 2019.
- (d) In accordance with the Articles of Association of the General Partner, the Directors are not required to retire by rotation.
- (e) No Director has any interests in contracts entered into by the General Partner.

4. INDEMNITY

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

5. GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2018 in light of the net current liabilities and net liability position on the balance sheet as at 31 December 2018 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

6. INDEPENDENT AUDITORS

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

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

THE WEST QUAY LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED) Year ended 31 December 2018

7. STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The General Partner is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, as applied to qualifying partnerships, the General Partner 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 Partnership and of the profit or loss of the Partnership for that period. In preparing the financial statements, the General Partner are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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 Partnership will continue in business.

The General Partner is also responsible for safeguarding the assets of the qualifying partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations.

THE WEST QUAY LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED)

Year ended 31 December 2018

8. STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONTINUED)

General Partner's confirmations

In the case of each Director of the General Partner in office at the date the General Partner's Report is approved:

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

Approved by West Quay Shopping Centre Limited, General Partner, and signed on its behalf



W. S. Austin

Director

Date: 11 September 2019

THE WEST QUAY LIMITED PARTNERSHIP

STRATEGIC REPORT

Year ended 31 December 2018

BUSINESS REVIEW AND FUTURE PROSPECTS

The Partnership's principal business is to hold for investment the West Quay Shopping Centre in Southampton. In 2016 the Partnership acquired the Watermark phase 2 site, Westquay South from a fellow group company. The Directors of the General Partner do not expect any significant changes to the business in the foreseeable future.

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2018 in light of the net liability position on the balance sheet and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

The Directors of the General Partner consider the following measures to be key performance indicators for the Partnership: net rental income, property valuation and total return.

The Partnership's properties produced net rental income of £28,831,000 in 2018 compared with £26,348,000 in 2017. As shown in note 6(a) to the financial statements, the total of capital expenditure incurred and amortisation of lease incentives was a net cost of £2,435,000 (2017: £5,104,000), and there was a revaluation deficit of £50,485,000 during the year (2017: £36,766,000 surplus). The IPD total return for the property was -3.3% in 2018 (2017: +8.5%).

The key risks facing the Partnership relate to tenant exposure and the strength of the UK property market. Tenants' covenants are monitored at the start of leasing agreements and on an ongoing basis to minimise the risk of default. The General Partner monitors the UK property market through the analysis of market forecasts and the performance of the property assets are compared against target returns. The Partnership has a risk forum for managing the key development risks.

Approved by West Quay Shopping Centre Limited, General Partner, and signed on its behalf



W. S. Austin

Director

Date: 11 September 2019

THE WEST QUAY LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE WEST QUAY LIMITED PARTNERSHIP

Report on the audit of the financial statements

Opinion

In our opinion, The West Quay Limited Partnership's financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the qualifying partnership's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the qualifying partnership's trade, customers, suppliers and the wider economy.

Reporting on other information

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

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

THE WEST QUAY LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE WEST QUAY LIMITED PARTNERSHIP (CONTINUED)

With respect to the Report of the General Partner, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to qualifying partnerships have been included.

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

Strategic Report of the General Partner

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the General Partner for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the General Partner.

Responsibilities for the financial statements and the audit

Responsibilities of the General Partner for the financial statements

As explained more fully in the Statement of General Partner's Responsibilities in respect of the Financial Statements set out on page 2, the general partner is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The general partner is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Partner is responsible for assessing the qualifying partnership's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the qualifying partnership or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinion, has been prepared for and only for the partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

THE WEST QUAY LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE WEST QUAY LIMITED PARTNERSHIP (CONTINUED)

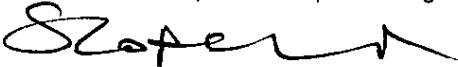
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sonia Copeland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 11 Sept. 2019

THE WEST QUAY LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue*	3	43,699	40,213
Rents payable and other property outgoings	3	<u>(14,868)</u>	<u>(13,865)</u>
Net rental income	3	28,831	26,348
Administration expenses	4	<u>(1,744)</u>	<u>(1,600)</u>
Operating profit before property revaluation (losses)/gains		27,087	24,748
Revaluation (losses)/gains on properties	6(a)	<u>(50,485)</u>	<u>36,766</u>
Operating (loss)/profit		(23,398)	61,514
Net finance costs	5	<u>(14,072)</u>	<u>(14,241)</u>
(Loss)/Profit and total comprehensive (expense)/income for the financial year before partners' interests		<u>(37,470)</u>	<u>47,273</u>

All amounts relate to continuing activities.

*The new financial statement line "Revenue" replaces the previously reported "Gross rental income". Comparative figures have been amended accordingly. See note 1 for further details.

THE WEST QUAY LIMITED PARTNERSHIP

BALANCE SHEET

As at 31 December 2018

	Note	2018		2017	
		£'000	£'000	£'000	£'000
Non-current assets					
Investment properties	6(a)		654,450		702,500
Interest in leasehold properties	7		4,225		4,229
			658,675		706,729
Current assets					
Receivables	8	5,055		3,568	
Restricted monetary assets	9	4,129		5,650	
Cash and deposits	10	8,888		9,853	
		18,072		19,071	
Current liabilities					
Payables	11	(26,327)		(54,932)	
Net current liabilities			(8,255)		(35,861)
Total assets less current liabilities			650,420		670,868
Non-current liabilities					
Payables	12		(695,338)		(678,316)
Obligations under head leases	13		(4,242)		(4,242)
Net liabilities			(49,160)		(11,690)
Represented by:					
Partners' equity					
Partners' capital accounts	14		-		-
Partners' current accounts	14		(49,160)		(11,690)
			(49,160)		(11,690)

The financial statements were authorised for issue by the Directors of the General Partner on 11 September 2019 and were signed on its behalf.



W.S. Austin
Director

Partnership registration: LP012185

THE WEST QUAY LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Partners' capital accounts £'000	Partners' current accounts £'000	Partners' equity £'000
Balance at 1 January 2017	-	(58,963)	(58,963)
Profit and total comprehensive income for the year	<u>-</u>	<u>47,273</u>	<u>47,273</u>
Balance at 31 December 2017	-	(11,690)	(11,690)
Loss and total comprehensive expense for the year	<u>-</u>	<u>(37,470)</u>	<u>(37,470)</u>
Balance at 31 December 2018	<u>-</u>	<u>(49,160)</u>	<u>(49,160)</u>

THE WEST QUAY LIMITED PARTNERSHIP

CASH FLOW STATEMENT

For the year ended 31 December 2018

	2018 £'000	2017 £'000
<i>Operating activities</i>		
Operating profit before property revaluation (losses)/gains	27,087	24,748
Increase in receivables	(1,487)	(1,302)
Decrease/(Increase) in restricted monetary assets	1,521	(2,214)
(Decrease)Increase in payables	(1,494)	2,502
Non-cash items	(242)	(538)
Cash generated from operations	25,385	23,196
Interest received	35	-
Interest paid	(23,789)	(21,176)
Cash flows from operating activities	1,631	2,020
<i>Investing activities</i>		
Purchase of tangible fixed assets	(2,596)	(3,850)
Cash flows from investing activities	(2,596)	(3,850)
Decrease in cash and deposits in the year	(965)	(1,830)
Opening cash and deposits	9,853	11,683
Closing cash and deposits	8,888	9,853

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

During 2018, a new 'Revenue' line has been included within the Statement of Comprehensive Income which replaces the previously presented 'Gross rental income'. An analysis of 'Revenue' is provided in note 3 to the financial statements. For management reporting purposes, Gross rental income and Net rental income remain the primary income measures.

Basis of preparation

The West Quay Limited Partnership (the 'Partnership') is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships and Unlimited Companies (Accounts) Regulations 2008 (SI 2008/569) require certain qualifying partnerships to prepare and have audited financial statements as required for a company by the Companies Act 2006. The nature of the Partnership's operations and its principal activities are set out on page 1. The address of the registered office of the General Partner is the same as that of Hammerson plc, one of the ultimate controlling parties, which is Kings Place, 90 York Way, London, N1 9GE.

These financial statements were prepared in compliance with Financial Reporting Standard 102 ("FRS 102") as issued by the Financial Reporting Council and the Companies Act 2006.

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. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The Partnership is a joint venture between Hammerson plc and Euro Hampton Private Limited and is equity accounted into the group financial statements of both entities both of which are publicly available (see note 20).

(b) Going concern

The Partnership has net current liabilities and net liabilities as at 31 December 2018 and is reliant on the continued support of its partners to be able to meet its liabilities as they fall due. The General Partner has received letters of support from Hammerson plc, one of the ultimate controlling parties, and Euro Hampton Private Limited, one of the Limited Partners, which state their intent to provide the necessary financial support to ensure that the Partnership is a going concern for at least twelve months from the date of signing of these financial statements.

The General Partner has reviewed the current and projected financial position of the Partnership, making reasonable assumptions about the future trading performance. After making enquiries, the General Partner has a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner continues to adopt the going concern basis in preparing the annual report and financial statements.

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

(c) Net rental income

Rental income from investment property in the United Kingdom leased out under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term. Non-rental income such as car park or commercialisation income or contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the period in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Lease incentives and costs associated with entering into 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.

Property operating expenses are expensed as incurred and any property operating expenditure not recovered from tenants through service charges is charged to the statement of comprehensive income.

Included in net rental income is £739,000 (2017: £621,000) of contingent rents calculated by reference to tenants' turnover.

(d) Net finance costs

Net finance costs include interest payable on borrowings, interest payable to related party undertakings, interest on obligation under finance leases, net of interest capitalised and interest receivable on funds invested and is included in the statement of comprehensive income.

(e) Distributions

Distributions are paid to the partners out of realised profits which are available for distribution. Distributions are recognised on a cash basis upon payment and shown in the statement of changes in equity.

(f) Investment properties

The Partnership 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.

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

(g) Leasehold properties

Leasehold properties that are leased out to tenants under operating leases, are classified as investment properties or development properties, as appropriate, and included in the balance sheet at fair value. The obligation to the freeholder or superior leaseholder for the land element of the leasehold is included in the balance sheet as a finance lease at the present value of the minimum lease payments at inception. Payments to the freeholder or superior leaseholder are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents payable, such as rent reviews or those related to rental income, are charged as an expense in the period in which they are incurred. An asset equivalent to the leasehold obligation is recorded in the balance sheet within 'interests in leasehold properties', and is amortised over the lease term.

(h) Financial instruments

Financial assets and financial liabilities are recognised when the Partnership 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 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 Partnership 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 Partnership transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Partnership, 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.

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

(i) Loans receivable

Loans receivable are financial assets which are initially measured at fair value, plus acquisition costs and are subsequently measured at amortised cost, using the effective interest method, less any impairment.

(j) Borrowings

Borrowings are recognised initially at fair value, after taking account of any discount on issue and attributable transaction costs. Subsequently, borrowings are held at amortised cost, such that discounts and costs are charged to the statement of comprehensive income over the term of the borrowing at a constant return on the carrying value of the liability.

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

(k) Cash and cash equivalents and restricted monetary assets

Cash and deposits comprise cash and short-term bank deposits with an original maturity of three months or less which are readily accessible. Restricted monetary assets relate to cash balances which legally belong to the Partnership but which the Partnership cannot readily access. These do not meet the definition of cash and cash equivalents and consequently are presented separately from cash and deposits in the Partnership's balance sheet.

(l) Critical accounting policies and estimation uncertainties

In the application of the Partnership's accounting policies, the Directors of the General Partner are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The Partnership's critical judgement and area of estimation uncertainty is in respect of property valuations. The Partnership's investment property, which is carried in the balance sheet at fair value, is valued six-monthly by professionally qualified external valuers and the Directors of the General Partner must ensure that they are satisfied that the valuation of the Partnership's property is appropriate for the financial statements. Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

2. LIMITED PARTNERSHIP AGREEMENT ('The Agreement')

- (a) The Agreement as updated on 29 December 2016 states that the purpose of the Partnership is to carry out property investment and development.
- (b) At 31 December 2018 West Quay Shopping Centre Limited, East India Trust and Euro Hampton Private Limited, acting as the Limited Partners, had interests of 49.995%, 0.01% and 49.995% respectively in the assets and liabilities of the Partnership. West Quay Shopping Centre Limited also acts as the General Partner to the Partnership.

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3. NET RENTAL INCOME

	2018 £'000	2017 £'000
Base rent	27,090	24,133
Turnover rent	739	621
Car park income*	6,469	6,346
Lease incentive recognition	(41)	217
Other rental income	2,069	2,286
Gross rental income	36,326	33,603
Service charge income*	7,373	6,610
Revenue	43,699	40,213
Ground and equity rents payable	(823)	(1,121)
Service charge expenses	(7,859)	(6,217)
Inclusive lease costs recovered	(1,033)	(1,243)
Other property outgoings	(5,153)	(5,284)
Rents payable and other property outgoings	(14,868)	(13,865)
Net rental income	28,831	26,348

4. ADMINISTRATION EXPENSES

	2018 £'000	2017 £'000
Management fees payable to Hammerson UK Properties plc	1,756	1,582
Fees payable to the Partnership's auditors for the audit of the Partnership's annual financial statements	5	2
Valuation fees	52	53
Other expenses	21	9
Insurance administration credit	(90)	(46)
	1,744	1,600

The Directors of the General Partner did not receive any remuneration for their services from the Partnership in the year (2017: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure. The services of the Directors of the General Partner are of a non-executive nature.

The Partnership had no employees in either the current or preceding financial year.

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5. NET FINANCE COSTS

	2018 £'000	2017 £'000
Loan interest payable	13,757	13,870
Interest on obligations under finance leases	350	350
Other interest payable	-	25
Total interest payable	14,107	14,245
Interest received	(35)	(4)
	<u>14,072</u>	<u>14,241</u>

6. INVESTMENT PROPERTIES

- (a) The movements in the year on the valuation of properties were:

Long leasehold	2018 £'000	2017 £'000
At 1 January	702,500	660,630
Additions at cost	2,539	4,912
Amortisation of lease incentives	(104)	192
(Deficit)/Surplus on revaluation	<u>(50,485)</u>	<u>36,766</u>
At 31 December	<u>654,450</u>	<u>702,500</u>

- (b) The properties are stated at fair value at 31 December 2017, valued by professionally qualified external independent valuers, Cushman & Wakefield Debenham Tie Leung, Chartered Surveyors. The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2014 based on certain assumptions as set out in note 1(l).
- (c) The historical cost of investment properties at 31 December 2018 was £727,196,000 (2017: £724,761,000).
- (d) At 31 December 2018 the Partnership had capital commitments of £119,000 (2017: £1,700,000).

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7. INTEREST IN LEASEHOLD PROPERTIES

	2018 £'000	2017 £'000
At 1 January	4,229	4,234
Amortisation	(4)	(5)
At 31 December	4,225	4,229

8. RECEIVABLES: CURRENT ASSETS

	2018 £'000	2017 £'000
Trade receivables	2,579	887
Amounts owed by Hammerson (Leeds Investments) Limited	1	-
Amounts owed by Hammerson Operations Limited	348	326
Amounts owed by West Quay Shopping Centre Limited	88	88
Amounts owed by Hammerson UK Properties plc	-	3
Other receivables	1,841	1,837
Prepayments	198	427
	5,055	3,568

All amounts shown fall due for payment within one year and are repayable on demand. Amounts owed by Hammerson (Leeds Investments) Limited, Hammerson Operations Limited, West Quay Shopping Centre Limited and Hammerson UK Properties plc are non-interest bearing. The amounts owed are unsecured.

Trade receivables are shown after deducting a loss allowance provision of £80,000 (2017: £154,000).

9. RESTRICTED MONETARY ASSETS

	2018 £'000	2017 £'000
Cash held on behalf of third parties	4,129	5,650

The Partnership's managing agent holds cash on behalf of its tenants to meet future service charge costs and related expenditure. The cash has restricted use and as such, does not meet the definition of cash and cash equivalents.

10. CASH AND DEPOSITS

	2018 £'000	2017 £'000
Cash at bank	8,888	9,853

As at 31 December 2018 the Partnership's managing agent held cash of £628,000 (2017: £1,051,000) on behalf of the Partnership, which is not restricted and is available to the Partnership and as such has been included in cash and deposits.

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2018

11. PAYABLES: CURRENT LIABILITIES

	2018 £'000	2017* £'000
Trade payables	4,381	5,319
Amounts owed to Hammerson Group Management Limited	18	24
Amounts owed to Hammerson Watermark Limited	16	20
Amounts owed to Hammerson Project Management Limited	86	-
Amounts owed to Hammerson (Cramlington 1) Limited	17	-
Amounts due to Hammerson plc	1,211	9,766
Amounts due to Eurolieum SARL	1,209	9,764
Other payables and accruals	14,177	24,868
Deferred income	5,212	5,171
	26,327	54,932

Included in other payables and accruals are distributions of £7,920,000 (2017: £7,920,000) payable to the Limited Partners. The amounts owed to Hammerson Group Management Limited, Hammerson Watermark Limited, Hammerson Project Management Limited, LXB Properties Cramlington 1 Limited, Hammerson plc and Eurolieum SARL are repayable on demand and are non-interest bearing. All amounts owed are unsecured

12. PAYABLES: NON-CURRENT LIABILITIES

	2018 £'000	2017 £'000
Amounts due to Hammerson plc	191,077	191,077
Amounts due to Euro Dinero II Private Limited	191,077	191,077
Loan balances: interest bearing	382,154	382,154
Amounts due to Hammerson plc	155,955	147,400
Amounts due to Euro Hampton Private Limited	155,955	147,400
Loan balances: non-interest bearing	311,910	294,800
Deposits and other payables		
From two to five years	533	541
Over 5 years	741	821
	1,274	1,362
	695,338	678,316

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

12. PAYABLES: NON-CURRENT LIABILITIES (continued)

Interest-bearing loans are repayable on the earlier of (a) the date of dissolution of the Partnership or (b) the date of the retirement of the associate of each lender in connection with the retirement of the associate from the Partnership. Interest is charge at a fixed rate of 3.6%.

The timing of the repayment of the non-interest bearing loans is at the discretion of the General Partner. The General Partner has received confirmation from the lenders that the loans will not be recalled within 12 months of the financial statements being signed.

13. OBLIGATIONS UNDER HEAD LEASES

Finance lease obligations in respect of rents payable on the leasehold properties are payable as follows:

	2018			2017		
	Minimum lease payments £'000	Interest £'000	Present value of minimum lease payments £'000	Minimum lease payments £'000	Interest £'000	Present value of minimum lease payments £'000
After 25 years	333,462	(329,220)	4,242	334,512	(330,270)	4,242
5-25 years	7,000	(7,000)	-	7,000	(7,000)	-
2-5 years	1,050	(1,050)	-	1,050	(1,050)	-
1-2 years	350	(350)	-	350	(350)	-
Within 1 year	350	(350)	-	350	(350)	-
	342,212	(337,970)	4,242	343,262	(339,020)	4,242

14. PARTNERS' EQUITY

	2018 £'000	2017 £'000
Partners' capital accounts	-	-
Partners' current accounts	(49,160)	(11,690)
	(49,160)	(11,690)

The Partners' capital accounts of £200 (2017: £200) are in proportion to each Partner's interest. Under the Limited Partnership Agreement no further capital is required to be injected and no interest is payable on the capital.

The Partners' current accounts represent the cumulative profits and losses of the Partnership after deduction of distributions to the Partners.

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

15. THE PARTNERSHIP AS LESSOR – OPERATING LEASE RECEIPTS

At the balance sheet date, the Partnership had contracted with tenants for the future minimum lease receipts as shown in the table below. The data is for the period to the first tenant break option.

	2018 £'000	2017 £'000
Within one year	25,413	21,603
From one to two years	24,218	21,820
From two to five years	55,472	55,224
Over five years	82,449	105,345
	187,552	203,992

16. FINANCIAL INSTRUMENTS

The carrying values of the Partnership's financial assets and liabilities are summarised by category below:

	2018 £'000	2017 £'000
Financial assets		
<i>Measured at amortised cost:</i>		
Trade receivables	2,579	887
Amounts owed by Hammerson (Leeds Investments) Limited	1	-
Amounts owed by Hammerson Operations Limited	348	326
Amounts owed by West Quay Shopping Centre Limited	88	88
Amounts owed by Hammerson UK Properties plc	-	3
Other receivables	1,841	1,837
Restricted monetary assets	4,129	5,650
Cash at bank	8,888	9,853
	17,874	18,644
Financial liabilities		
<i>Measured at amortised cost:</i>		
Trade payables	4,381	5,319
Amounts owed to Hammerson Group Management Limited	18	24
Amounts owed to Hammerson Watermark Limited	16	20
Amounts owed to Hammerson Project Management Limited	86	-
Amounts owed to Hammerson (Cramlington 1) Limited	17	-
Amounts due to Hammerson plc	1,211	9,766
Amounts due to Eurolieum SARL	1,209	9,764
Other payables and accruals	14,177	24,868
Payables: Non-current liabilities	695,338	678,316
	716,453	728,077

The Partnership's income, expense, gains and losses in respect of financial instruments are summarised below:

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

16. FINANCIAL INSTRUMENTS (continued)

The Partnership's income, expense, gains and losses in respect of financial instruments are summarised below:

	2018 £'000	2017 £'000
Net finance costs	14,072	14,241
Movement on trade receivable provisions	(220)	(132)

17. CONTINGENT LIABILITIES

At 31 December 2018 there are contingent liabilities of £2,500,000 (2017: £2,500,000) relating to claims against the Partnership arising in the normal course of business, which are considered unlikely to crystallise.

18. ADVANCES, CREDIT AND GUARANTEES

The General Partner did not grant any credits, advances or guarantees of any kind to its Directors during the year.

19. RELATED PARTIES

Other than disclosed in the statement of changes in equity and in notes 4, 5, 6, 8, 11, 12 and 14 there were no material related party transactions during the year.

The Partnership entered into related party transactions or had balances outstanding with the follow related parties:

Related party company	Relationship
Hammerson Operations Limited	Subsidiary of Hammerson plc
Hammerson Group Management Limited	Subsidiary of Hammerson plc
Hammerson (Leeds Investments) Limited	Subsidiary of Hammerson plc
LXB Properties Cramlington 1 Limited	Subsidiary of Hammerson plc
Hammerson (Watermark) Limited	Subsidiary of Hammerson plc
Hammerson plc	Lender
Hammerson UK Properties plc	Subsidiary of Hammerson plc
Eurolieum SARL	Lender
Euro Dinero II Private Limited	Lender
West Quay Shopping Centre Limited	General Partner and Limited Partner

THE WEST QUAY LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

20. ULTIMATE CONTROLLING PARTIES

The Partners listed in note 2 are the immediate controlling parties of the Partnership. The *ultimate controlling parties are Hammerson plc and GIC Private Limited, which are registered in England and Wales and Singapore respectively.*

The consolidated financial statements of Hammerson plc are available from its registered office.

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