Registered Number: 08425916

# CROYDON (GP2) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019

**CROYDON (GP2) LIMITED**

DIRECTORS' REPORT
Year ended 31 December 2019

The Directors submit their report and the audited financial statements for Croydon (GP2) Limited (the "Company") for the year ended 31 December 2019.

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

The principal activity of the Company, is to act as the General Partner to the Whitgift Limited Partnership in which the Company has a 0.5% interest. Croydon Jersey Unit Trust is the Limited Partner owning the remaining 99.5%. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

2. REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

*Performance during the year*

The Company's investment in the Whitgift Limited Partnership (the "Partnership") was impaired during the year by £19,000 (2018: £nil). Net finance costs of £52,000 (2018: £41,000) were incurred and represent amounts payable to related parties.

*Future prospects*

The carrying value of the Company's investment is linked to the underlying value of the Partnership. The Partnership has been effected by the recent Covid-19 pandemic, as a result of which, on 23 March 2020 the Partnership's investment property was closed and subsequently reopened on 15 June 2020, having complied with Government safeguarding restrictions. A further national lockdown period was also introduced from 3 November to 2 December 2020. Only retailers providing essential services and supplies continued to trade during the lockdown periods. This unprecedented situation has had a significant impact on the Partnership's businesses.

During the lockdown periods it was essential to ensure the property was operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores.

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall has steadily increased and in October 2020 was averaging 37% below 2019 levels, with cumulative footfall from 15 June to 31 October 2020 approximately 40% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

As the impact of the pandemic on retailers, consumers and communities cannot easily be assessed at this stage, the Directors are uncertain what changes this may have on the Partnership's business activities in the short and longer-term.

Further details of the impact of Covid-19 on the current and future operating activities of the business are set out in the post balance sheet events note 15 to the financial statements and in the financial statements for the Partnership for the year ended 31 December 2019.

## 3. RESULTS AND DIVIDENDS

The loss for the year after tax was £73,000 (2018: £44,000). The Directors do not recommend the payment of a dividend for the year (2018: £nil).

Net assets for the Company as at 31 December 2019 were £308,000 (2018: £381,000).

## 4. DIRECTORS

(a) Mr. M.R. Bourgeois and Mr. J.A. Hodes were Directors of the Company throughout the year and were in office at the date of approval of this report.

(b) Miss. A. Beattie and Mr. M.R. Bourgeois were Alternate Directors of the Company throughout the year and were in office at the date of approval of this report.

(c) Mr. P.W.B. Cole resigned as a Director of the Company and as an Alternate Director of the Company on 30 April 2019.

(d) Mr. W.S. Austin was appointed as a Director of the Company and as an Alternate Director of the Company on 30 April 2019 and was in office at the date of approval of this report.

(e) Mr. O. Bossard was appointed as a Director of the Company on 31 July 2019 and resigned as a Director of the Company on 31 March 2020.

(f) Mr. P.H. Miller resigned as a Director of the Company on 31 July 2019.

(g) Mr. S.C. Parsons was appointed as a Director of the Company on 31 March 2020.

(h) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.

(i) No Director has any interests in contracts entered into by the Company.

## 5. SECRETARY

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

## 6. GOING CONCERN

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

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

7. INDEMNITY

Each Director of the Company shall be indemnified by the Company against all liabilities, costs and expenses incurred in the execution and discharge of their duties. The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

8. 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.

9. 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 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 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.

**CROYDON (GP2) LIMITED**

DIRECTORS' REPORT (CONTINUED)
Year ended 31 December 2019

10. DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be 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: 17 December 2020

Registered Office:
Kings Place
90 York Way
London N1 9GE
Registered in England and Wales
No. 07784823

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROYDON (GP2) LIMITED

# Report on the audit of the financial statements

## Opinion

In our opinion, Croydon (GP2) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss 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.

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

## Basis for opinion

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

*Independence*

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

## Emphasis of matter – True and fair override – consolidated financial statements

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1(a) to these financial statements, which describes the true and fair override taken by the Directors in not preparing consolidated financial statements.

## Conclusions relating to going concern

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

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

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

## Reporting on other information

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

## Reporting on other information (continued)

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.

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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROYDON (GP2) LIMITED (CONTINUED)

*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.

### 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.

Robert Wilkinson

Robert Wilkinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 December 2020

**CROYDON (GP2) LIMITED**

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

| | Notes | 2019 £'000 | 2018 £'000 |
|---|---|---|---|
| Administrative expenses | 2 | **(2)** | (1) |
| Increase in impairment provision on investments | 5 | **(19)** | - |
| **Operating loss** | | **(21)** | (1) |
| Net finance costs | 3 | **(52)** | (41) |
| **Loss on ordinary activities before taxation** | | **(73)** | (42) |
| Tax charge | 4(a) | **-** | (2) |
| **Loss on ordinary activities after taxation and total comprehensive expense for the financial year** | | **(73)** | (44) |

All amounts relate to continuing activities.

**CROYDON (GP2) LIMITED**

BALANCE SHEET
As at 31 December 2019

| | Notes | 2019 | | 2018 | |
|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 |
| **Non-current assets** | | | | | |
| Investments | 5 | | **1,579** | | 1,598 |
| Receivables | 6 | | **114** | | 114 |
| **Total non-current assets** | | | **1,693** | | 1,712 |
| **Current liabilities** | | | | | |
| Payables | 7 | **(28)** | | (26) | |
| **Net current liabilities** | | | **(28)** | | (26) |
| **Total assets less current liabilities** | | | **1,665** | | 1,686 |
| **Non-current liabilities** | | | | | |
| Payables | 8 | | **(1,357)** | | (1,305) |
| **Net assets** | | | **308** | | 381 |
| **Capital and reserves** | | | | | |
| Called up share capital | 10 | | **470** | | 470 |
| Accumulated losses | 11 | | **(162)** | | (89) |
| **Total equity** | | | **308** | | 381 |

The financial statements were authorised for issue by the Board of Directors and were signed on its behalf on 17 December 2020.

**W. S. Austin**
Director
Registered Number: 08425916

**J.A. Hodes**
Director

**CROYDON (GP2) LIMITED**

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

| | Called up share capital £'000 | Accumulated losses £'000 | Total equity £'000 |
|---|---|---|---|
| At 1 January 2018 | 470 | (45) | 425 |
| Loss and total comprehensive expense for the year | - | (44) | (44) |
| At 31 December 2018 | 470 | (89) | 381 |
| Loss and total comprehensive expense for the year | - | (73) | (73) |
| At 31 December 2019 | **470** | **(162)** | **308** |

## 1. ACCOUNTING POLICIES

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

(a) Basis of accounting

*Basis of preparation*
Croydon (GP2) 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 102 ("FRS 102") as issued by the Financial Reporting Council, and the Companies Act 2006.

Whitgift Limited Partnership (the "Partnership") meets the definition of a subsidiary undertaking because it is controlled by the Company, acting in its capacity as general partner of the partnership. The Companies Act 2006 and FRS 102 Section 9 - "Consolidated and Separate Financial Statements" require the full consolidation of all subsidiary undertakings. However, the Directors consider that the consolidated financial statements would not present a true and fair view if the Partnership was to be consolidated in this way, with the interests of the other partners (representing 99.5%) accounted for as a minority interest. As such consolidated financial statements have not been prepared as a result of the Company's investment in Whitgift Limited Partnership. The Company has therefore prepared separate financial statements and accounts for investments in subsidiaries at cost less provision for impairment.

The Company is a joint venture between Hammerson plc and Unibail-Rodamco-Westfield SE and is equity accounted into the group financial statements of both entities both of which are publicly available (see note 14).

As the Company is not wholly-owned, it is not entitled under FRS 102 from an exemption to prepare a cash flow statement. However, the Company does not have a bank account and has not been party to any cash transactions and consequently no cash flow statement has been presented.

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

(b) Going concern

In considering going concern the Directors initially note that the Company has net current liabilities and net assets. The Directors have also assessed the existing and expected future effects of the Covid-19 pandemic on the Company's activities which are included in the post balance sheet events note 15 to the financial statements.

**1. ACCOUNTING POLICIES (continued)**

(b) Going concern (continued)

In addition, the Directors note from the financial statements of the Whitgift Limited Partnership (the "Partnership") that the existing Limited Partnership Agreement relating to the Partnership expired in March 2019. Accordingly, in order for the Company and Partnership to continue in operational existence, they are reliant on the continued support of their partners to be able to meet their liabilities as they fall due.

The Directors have received letters of support from Hammerson plc, one of the ultimate controlling parties, and Westfield Europe Limited, a subsidiary undertaking of Unibail-Rodamco-Westfield SE ("URWSE"), the other ultimate controlling party, which state their intention and ability to provide the necessary financial support to ensure that the Company and the Partnership are going concerns for at least twelve months from the date of signing of the financial statements of the Company and the Partnership.

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

However the Directors also reviewed the interim financial statements for Hammerson plc to 30 June 2020, which were published on 6 August 2020. The Directors noted the inclusion of a material uncertainty over going concern within those interim financial statements. This highlighted that the Group was forecast to breach certain of its debt covenants under a severe but plausible scenario, and that the key mitigating actions to resolve these breaches, namely an equity raise and the disposal of substantially all of the Group's investment in VIA Outlets, were still subject to a joint shareholder vote as at the date of approval of the interim financial statements. In addition the resolution of the breaches was subject to the successful completion of the equity raise and therefore the associated proceeds could not be regarded as secured at the time of signing those interim financial statements on 6 August 2020.

Subsequent to 6 August 2020, the equity raise and disposal were approved at the General Meeting of Hammerson plc shareholders on 1 September 2020. Furthermore the equity raise closed on 25 September 2020 and raised gross proceeds of approximately £552 million and the disposal of substantially all of the Group's investment in VIA Outlets completed on 31 October 2020 and raised further gross proceeds of approximately £277 million. Accordingly both drivers of the material uncertainty over going concern within the Hammerson plc interim financial statements have now been resolved. Consequently, the Directors are satisfied they can rely on the letter of support from Hammerson plc.

In forming an assessment as to whether Westfield Europe Limited ("WEL") has the ability and intention to provide the necessary support, the Directors considered that WEL obtained a letter of support from URWSE. The support letter confirms that for a period of twelve months from the date of approval of WEL's financial statements for the year ended 31 December 2019 (which were signed on 16 December 2020), URWSE will make available such funds as are required to enable WEL to meet its liabilities as they fall due.

## 1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

The Directors made detailed enquiries of URWSE's ability to provide this support. In doing so the Directors reviewed the latest financial results of URWSE released on 1 November 2020 and noted the strong liquidity position together with no going concern concerns raised. Accordingly the Directors are satisfied that URWSE has the intent and ability to provide the necessary support.

Consequently, the Directors have a reasonable expectation that the Company and the Partnership will have access to adequate resources from both Hammerson plc and Westfield Europe Limited to continue in existence for at least twelve months from the date of signing of their financial statements. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

(c) 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 and interest receivable from related party undertakings, and is included in the statement of comprehensive income.

(d) 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.

(e) Fixed asset investments

Fixed asset investments, including investments in subsidiaries and other related undertakings, are shown at cost less provision for impairment. Decreases or increases in the impairment provision occur when the carrying value of the asset increases or decreases respectively as a result of revaluation gains or losses.

(f) 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.

(g) 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.

## 1. ACCOUNTING POLICIES (continued)

### (h) 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 subsequently carried at amortised cost using the effective interest method.

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

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

### (i) Critical accounting policies and estimation uncertainties

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

The Company's critical judgement and area of estimation uncertainty is in respect of the valuation of its investment in, and loans to the Whitgift Limited Partnership (the "Partnership"). These are carried in the balance sheet at historical cost less provision for impairment, which are valued by the Directors based upon the net assets of the Partnership in which the Company invests. The principal asset of the Partnership is its investment properties which are valued six monthly by the Directors of the General Partner of the Partnership. The Directors must ensure they are satisfied that the Company's investment in, and loan to the Partnership is appropriate for the financial statements. The basis of the valuation of the Partnership's investment properties is set out in the notes to the financial statements of the Partnership for the year ended 31 December 2019.

## 2. ADMINISTRATIVE EXPENSES

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Fees payable to the Company's auditors for the audit of the Company's financial statements | 2 | 1 |

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

The Directors did not receive any remuneration for their services from the Company in the year (2018: £nil), having been paid by other related parties. It is deemed impractical to allocate their remuneration between group parties for the purpose of disclosure. In addition there were no payments to key management personnel in either the current or preceding financial year.

## 3. NET FINANCE COSTS

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Interest payable to Croydon (GP1) Limited | 52 | 41 |

## 4. TAXATION

(a) Tax charge

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| UK corporation tax | | |
| Current year charge | - | 2 |

(b) Factors affecting total tax charge

The corporation tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Loss on ordinary activities before tax | (73) | (42) |
| Loss at UK corporation tax rate of 19% (2018: 19%) | (14) | (8) |
| Effects of: | | |
| Share of income from the Whitgift Limited Partnership | 8 | 10 |
| Impairment provision on investments | 4 | - |
| Group relief | 2 | - |
| Total tax charge | - | 2 |

## 5. INVESTMENTS

| | Partner advances £'000 |
|---|---|
| At 1 January 2018 | 1,289 |
| Additional equity loan | 309 |
| At 31 December 2018 and 1 January 2019 | 1,598 |
| Impairment provision | (19) |
| At 31 December 2019 | **1,579** |

The Company has a 0.5% interest in the Whitgift Limited Partnership, a property investment partnership which has its registered office at Kings Place, 90 York Way, London N1 9GE. The cost and carrying value of this direct investment is £50 (2018: £50).

During the year, further advances of £nil (2018: £309,000) were provided to the Partnership which are non-interest bearing, long-term funding and equity in nature.

## 6. RECEIVABLES: NON-CURRENT ASSETS

| | **2019 £'000** | 2018 £'000 |
|---|---|---|
| Loans to Hammerson UK Properties plc | **57** | 57 |
| Loans to Westfield UK Finance Limited | **57** | 57 |
| | **114** | 114 |

Loans made to the entities listed above are non-interest bearing and are repayable in 2027. All amounts owed are unsecured.

## 7. PAYABLES: CURRENT LIABILITIES

| | **2019 £'000** | 2018 £'000 |
|---|---|---|
| Amounts owed to Croydon (GP1) Limited | **16** | 14 |
| Amounts owed to Croydon Management Services Limited | **6** | 6 |
| Taxation | **-** | 2 |
| Other payables and accruals | **6** | 4 |
| | **28** | 26 |

Amounts due to the entities listed above are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

## 8. PAYABLES: NON–CURRENT LIABILITIES

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Amounts owed to Croydon (GP1) Limited | **1,357** | 1,305 |

Amounts owed to Croydon (GP1) Limited bear interest at variable rates based on LIBOR and are repayable between 2027 and 2028. All amounts owed are unsecured.

## 9. FINANCIAL INSTRUMENTS

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

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| **Financial assets** | | |
| *Measured at amortised cost:* | | |
| Amounts owed by Hammerson UK Properties plc | **57** | 57 |
| Amounts owed by Westfield UK Finance Limited | **57** | 57 |
| | **114** | 114 |
| **Financial liabilities** | | |
| *Measured at amortised cost:* | | |
| Amounts owed to Croydon (GP1) Limited | **1,373** | 1,319 |
| Amounts owed to Croydon Management Services Limited | **6** | 6 |
| Other payables and accruals | **6** | 4 |
| | **1,385** | 1,329 |

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

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Net finance costs (note 3) | **52** | 41 |

## 10. SHARE CAPITAL

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| **Allotted, called up and fully paid:** | | |
| 470,000 ordinary shares of £1 each | **470** | 470 |

## 11. RESERVES

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

| Reserve | Description and purpose |
|---|---|
| Accumulated losses | Cumulative profits and losses less any dividends paid |

## 12. ADVANCES, CREDIT AND GUARANTEES

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

## 13. RELATED PARTY DISCLOSURE

Other than disclosed in notes 3, 5, 6, 7, 8 and 9 there were no material related party transactions during the year.

The Company entered into related party transactions or had balances outstanding with fellow related parties:

| **Related party** | **Relationship** |
|---|---|
| Hammerson UK Properties plc | Indirect subsidiary of ultimate parent company |
| Westfield UK Finance Limited | Indirect subsidiary of ultimate parent company |
| Croydon Management Services Limited | Joint venture entity held indirectly by ultimate parent companies |
| Croydon (GP1) Limited | Immediate parent company |
| Whitgift Limited Partnership | Investment – see note 5 |

## 14. ULTIMATE PARENT COMPANIES AND CONTROLLING PARTIES

At 31 December 2019 the ultimate controlling parties were Hammerson plc (50%), registered in England and Wales, and Unibail-Rodamco-Westfield SE (50%) registered in France. At 31 December 2019, the Company's immediate parent company was Croydon (GP1) Limited.

The consolidated financial statements of the ultimate parent companies are available from their registered offices:

Hammerson plc
The Company Secretarial Department
Kings Place,
90 York Way
London N1 9GE

Unibail-Rodamco-Westfield SE
7 Place du Chancelier Adenauer
75016
Paris
France

## 15. POST BALANCE SHEET EVENTS

The effects of the Covid-19 pandemic are the result of events that arose after the reporting date and therefore this is a non-adjusting post balance sheet event. No changes have been made, or are required, to the statements of comprehensive income or the balance sheets of the Company or the Whitgift Limited Partnership (the "Partnership").

The carrying value of the Company's investment is linked to the underlying value of the Partnership. The Partnership has been affected by the recent Covid-19 pandemic, as a result of which, on 23 March 2020 the Partnership's investment property was closed and subsequently reopened on 15 June 2020, having complied with Government safeguarding restrictions. A further national lockdown period was also introduced from 3 November to 2 December 2020. Only retailers providing essential services and supplies continued to trade during the lockdown periods. This unprecedented situation has had a significant impact on the Partnership's businesses.

During the lockdown periods it was essential to ensure the property was operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores.

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall has steadily increased and in October 2020 was averaging 37% below 2019 levels, with cumulative footfall since reopening approximately 40% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

During 2019 the Directors together with the asset management team, were particularly focused on the impact of the administrations and CVAs of certain retailers and brands. This focus will be heightened in the coming months as the full impact of the Covid-19 pandemic unfolds.

Whilst Covid-19 is not likely to have a significant impact on the Company's administrative expenses or net finance costs, it is anticipated that net rental income levels for the Partnership in 2020 will be materially lower than the prior year, and the Partnership's property valuation may reduce, which would result in a further impairment provision against the Company's investment in 2020. It is not currently possible to quantify the financial effects of these changes.

Partnership registration: LP15432

**WHITGIFT LIMITED PARTNERSHIP**

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019

**WHITGIFT LIMITED PARTNERSHIP**

REPORT OF THE GENERAL PARTNER
Year ended 31 December 2019

Croydon (GP2) Limited (the "General Partner") submits its report and the audited financial statements of Whitgift Limited Partnership (the "Partnership") for the year ended 31 December 2019.

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

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

Croydon Management Services Limited, a directly held subsidiary of Hammerson UK Properties plc and Westfield Europe Limited, acts as an agent to the Partnership under the Development and Asset Management Agreement. Under the agreement, Croydon Management Services Limited raises invoices, collects arrears and manages the day-to-day running of Whitgift Shopping Centre, Croydon. All rental income and costs are recharged to the Partnership through intercompany accounts on an accruals basis.

Further information relating to the business and its key risks is provided in the Strategic Report on page 4 together with an assessment of the impact the Covid-19 pandemic has had on the business and how this may affect its activities in the future. Further details are also provided in the post balance sheet events note 15 to the financial statements.

2. RESULTS AND DISTRIBUTIONS

The Partnership made a loss for the financial year before partners' interests of £13,199,000 (2018: profit £10,713,000). No distributions have been made during the year (2018: £nil).

Net assets for the Partnership as at 31 December 2019 were £315,740,000 (2018: £328,939,000).

3. DIRECTORS OF THE GENERAL PARTNER

(a) Mr. M.R. Bourgeois and Mr. J.A. Hodes were Directors of the General Partner throughout the year and were in office at the date of approval of this report.

(b) Miss. A. Beattie and Mr. M.R. Bourgeois were Alternate Directors of the General Partner throughout the year and were in office at the date of approval of this report.

(c) Mr. P.W.B. Cole resigned as a Director of the General Partner and as an Alternate Director of the General Partner on 30 April 2019.

(d) Mr. W.S. Austin was appointed as a Director of the General Partner and as an Alternate Director of the General Partner on 30 April 2019 and was in office at the date of approval of this report.

(e) Mr. O. Bossard was appointed as a Director of the General Partner on 31 July 2019 and resigned as a Director of the General Partner on 31 March 2020.

(f) Mr. P.H. Miller resigned as a Director of the General Partner on 31 July 2019.

(g) Mr. S.C. Parsons was appointed as a Director of the General Partner on 31 March 2020 and was in office at the approval of this report.

(h) In accordance with the Articles of Association of the General Partner, the Directors are not required to retire by rotation.

(i) No Director has any interests in contracts entered into by the General Partner.

4. INDEMNITY

The General Partner has put in place qualifying third party indemnity provisions for the benefit of the respective directors of the General Partner, appointed on behalf of the ultimate controlling parties, which were in place throughout the year and which remain in place at the date of this report.

5. GOING CONCERN

The Directors of the General Partner have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2019 and, having taken into account the existing and anticipated effects of Covid-19 and the letters of support received from Hammerson plc and Westfield Europe Limited, concluded that it was appropriate.

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

6. 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.

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 it is satisfied that they give a true and fair view of the state of affairs of the qualifying partnership and of the profit or loss of the qualifying partnership for that period. In preparing the financial statements, the General Partner is 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 qualifying 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 qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the qualifying partnership and it to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations.

## 8. STATEMENT IN RESPECT OF STAKEHOLDER ENGAGEMENT

The Directors of the General Partner (the "Directors") have determined that the Partnership's key stakeholders are its: partners; brands; consumers; and communities. How the Directors engage with these stakeholders is summarised below:

*Partners*
The key areas of interest for the partners are the current and future financial performance of the Partnership's property interests. The asset manager provides the General Partner with a quarterly update with comparisons of actual results to budget and to highlight other areas including sales and footfall, sustainability, customer experience and innovation. The Directors consider the views of each partner as part of the decision making process about future strategy and direction.

*Brands*
The Partnership's relationships with its retailers, food and beverage and leisure tenants are important to the Partnership's long-term success. The asset manager reports on the performance of brands which are discussed at the Directors' board meetings. During 2019, the Directors were particularly focused on the impact of the administrations and CVAs of certain retailers and brands, occupational plans and management of the Partnership's assets.

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

*Communities*
The Partnership's assets make important social and economic contributions to its community. The Directors ensure that through the asset management team, strong links are developed with local stakeholders to maintain and boost the local economy, generate employment and business opportunities and encourage additional inward investment.

## 9. DISCLOSURE OF INFORMATION TO AUDITORS

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

(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) the Director of the General Partner has taken all the steps that ought to have taken as a Director in order to be aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Approved by Croydon (GP2) Limited, General Partner, and signed on its behalf

| | |
|---|---|
| **W.S. Austin** | **J.A. Hodes** |
| Director | Director |
| Date: 17 December 2020 | Date: 17 December 2020 |

**WHITGIFT LIMITED PARTNERSHIP**

STRATEGIC REPORT
Year ended 31 December 2019

**Review of the business**
*Performance during the year*
The Partnership's principal business is to develop and hold for investment the Whitgift Shopping Centre in Croydon. The Partnership made an operating profit before property revaluation losses of £8,313,000 (2018: £9,825,000) and a total loss for the financial year of £13,199,000 before partners' interests (2018: £10,713,000 profit).

*Future prospects*
As a result of the Covid-19 pandemic, on 23 March 2020, the Partnership's investment property was closed and subsequently reopened on 15 June 2020, having complied with Government safeguarding restrictions. A further national lockdown period was also introduced from 3 November to 2 December 2020. Only retailers providing essential services and supplies continued to trade during the lockdown period.

This unprecedented situation has had a significant impact on the business. As at the date of signing these financial statements, approximately 81% of the Q1 rent and service charges had been collected, together with approximately 70% of the Q2 and Q3 demands.

During the lockdown periods it was essential to ensure the property was operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores. The cost reductions enabled the Partnership to reduce its service charge demands to tenants for the 24 June quarter day by approximately 30% compared with the prior quarter.

Since reopening, in line with Government guidance, health and safety measures have been implemented such as changes to the footfall system to monitor shopper numbers, perspex screens at the customer service desk, floor/escalator stickers to ensure social distancing, additional hand sanitiser and queue management systems outside stores. All retailers and restaurants reopening have arrangements in place for social distancing compliance, hygiene and cleaning, compliance in higher risk situations and varied opening hours to enable social distancing.

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall has steadily increased and in October 2020 was averaging 37% below 2019 levels, with cumulative footfall from 15 June to 31 October 2020 approximately 40% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

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

As the impact of the pandemic on retailers, consumers and communities cannot easily be assessed at this stage, the Directors are uncertain what changes this may have on the Partnership's business activities in the short and longer-term. Further details of the impact of Covid-19 on the current and future operating activities of the business are set out in the post balance sheet events note 15 to the financial statements.

**WHITGIFT LIMITED PARTNERSHIP**

STRATEGIC REPORT (CONTINUED)
Year ended 31 December 2019

**Key Performance Indicators**
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 £8,334,000 in 2019 compared with £10,423,000 in 2018. As shown in note 6(a) to the financial statements, the Partnership incurred capital expenditure of £1,908,000 (2018: £12,695,000) and there was a revaluation loss of £21,753,000 during the year (2018: £865,000 gain). The total property valuation at 31 December 2019 was £239,325,000 (2018: £259,170,000). The IPD total return for the property was -4.5% (2018: +5.0%).

**Principal risks**
*Short term*
The key short-term risk facing the Partnership relates to the Covid-19 pandemic and its impact on the business. Government measures taken to contain the spread of the virus include travel bans, quarantines, social distancing, mandatory face-coverings and the closure of non-essential services, which have caused considerable disruption to enterprises, resulting in an economic slowdown which will negatively impact consumer spending. It is uncertain how retailers, consumers and communities will respond to the changes in social distancing rules. Regular dialogue is taking place to understand tenants' trading situation so as to monitor their ability to service rental payments. Should the Government introduce further national lockdowns or there is an outbreak of Covid-19 cases in the vicinity of the Whitgift Shopping Centre, there is a risk that the shopping centre could be required to close again for a period of time.

*Longer-term*
The key ongoing and longer-term risks facing the Partnership relate to tenant exposure and the strength of the UK property market, the latter being impacted by increased online penetration and tenant failures. Tenants' covenants are monitored at the start of leasing agreements and on an ongoing basis to minimise the risk of default. The Directors of the General Partner monitor 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. The current challenges on the business presented by the Covid-19 pandemic have accentuated the significance of monitoring changes in tenants' covenants and the UK property market.

*Limited Partnership Agreement ("The Agreement")*
The amended and restated Agreement dated 6 March 2013 states that the purpose of the Partnership is to carry out property investment and development. This Agreement expired in March 2019; however, by mutual agreement between the partners, the Partnership has continued to operate since that date under the same terms and conditions. Further details of the partners and their interests in the Partnership as shown in note 2 to the financial statements.

Approved by Croydon (GP2) Limited, General Partner, and signed on its behalf

| | |
|---|---|
| **W.S. Austin** | **J.A. Hodes** |
| Director | Director |
| Date: 17 December 2020 | Date: 17 December 2020 |

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF WHITGIFT LIMITED PARTNERSHIP

## Report on the audit of the financial statements

### Opinion

In our opinion, Whitgift Limited Partnership's financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2019 and of its loss 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 2019; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

*Independence*

We remained independent of the 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

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

- the 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 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.

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The 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.

With respect to the Strategic Report and 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.

## INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF WHITGIFT LIMITED PARTNERSHIP (CONTINUED)

*Strategic Report and 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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## 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 Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors of the General Partner's 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
17 December 2020

**WHITGIFT LIMITED PARTNERSHIP**

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

| | Notes | 2019 £'000 | 2018 £'000 |
|---|---|---|---|
| Revenue | 3 | **14,966** | 17,605 |
| Rents payable and other property outgoings | 3 | **(6,632)** | (7,182) |
| Net rental income | 3 | **8,334** | 10,423 |
| Administrative expenses | 4 | **(21)** | (598) |
| Operating profit before property revaluation (losses)/gains | | **8,313** | 9,825 |
| Revaluation (losses)/gains on properties | 6(a) | **(21,753)** | 865 |
| Operating (loss)/profit | | **(13,440)** | 10,690 |
| Net finance income | 5 | **241** | 23 |
| **(Loss)/Profit and total comprehensive (expense)/income for the financial year before partners' interests** | | **(13,199)** | 10,713 |

All amounts relate to continuing activities.

**WHITGIFT LIMITED PARTNERSHIP**

BALANCE SHEET
As at 31 December 2019

| | Notes | 2019 £'000 | 2019 £'000 | 2018 £'000 | 2018 £'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Investment properties | 6(a) | | **239,325** | | 259,170 |
| **Current assets** | | | | | |
| Receivables | 7 | **15,557** | | 9,548 | |
| Restricted monetary assets | 8 | **61,710** | | 61,852 | |
| | | **77,267** | | 71,400 | |
| **Current liabilities** | | | | | |
| Payables | 9 | **(852)** | | (1,631) | |
| **Net current assets** | | | **76,415** | | 69,769 |
| **Total assets less current liabilities** | | | **315,740** | | 328,939 |
| **Net assets** | | | **315,740** | | 328,939 |
| **Represented by:** | | | | | |
| **Partners' equity** | | | | | |
| Partners' capital accounts | 10 | | **10** | | 10 |
| Partners' equity loans | 10 | | **319,624** | | 319,624 |
| Partners' current accounts | 10 | | **(3,894)** | | 9,305 |
| | | | **315,740** | | 328,939 |

The financial statements were authorised for issue by the Directors of the General Partner and were signed on its behalf on 17 December 2020.

**W.S. Austin**
Director

**J.A. Hodes**
Director

Partnership registration: LP15432

**WHITGIFT LIMITED PARTNERSHIP**

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

| | Partners' capital accounts £'000 | Partners' equity loans £'000 | Partners' current accounts £'000 | Total equity £'000 |
|---|---|---|---|---|
| At 1 January 2018 | 10 | 257,773 | (1,408) | 256,375 |
| Increase in Partners' equity loans (see note 10) | - | 61,851 | - | 61,851 |
| Profit and total comprehensive income for the year | - | - | 10,713 | 10,713 |
| At 31 December 2018 | 10 | 319,624 | 9,305 | 328,939 |
| Loss and total comprehensive expense for the year | - | - | (13,199) | (13,199) |
| At 31 December 2019 | **10** | **319,624** | **(3,894)** | **315,740** |

## 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

*Basis of preparation*
Whitgift Limited 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 accordance with Financial Reporting Standard 102 ("FRS 102") 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.

As the Partnership is not wholly-owned, it is not entitled under FRS 102 from an exemption to prepare a cash flow statement. However, the Partnership has not been party to any cash transactions during the current or preceding year and consequently no cash flow statement has been presented.

The Partnership is a joint venture between Hammerson plc and Unibail-Rodamco-Westfield SE and is equity accounted into the group financial statements of both entities both of which are publicly available (see note 14).

### (b) Going concern

In considering going concern the Directors of the General Partner (the "Directors") initially note that the Partnership has net current assets and net assets, and no external borrowings or debt covenants. The Directors have also assessed the existing and expected future effects of the Covid-19 pandemic on the Partnership's activities and the appropriateness of the use of the going concern basis. An outline of the current effects of the pandemic on the business is included in the Strategic Report on page 4 and in the post balance sheets event note 15 to the financial statements.

## 1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

The Directors have reviewed the current and projected financial position of the Partnership, making reasonable assumptions about the future trading performance. In May 2020, a revised base case forecast was produced covering a five-year period to 31 December 2024 with the following key assumptions:

- shopping centres would commence reopening on 1 July 2020;
- Covid-19 rental concession assumptions were factored in, which included flexible repayment terms based on risk category ratings for each tenant, resulting in lower base rental income compared with historic levels;
- income and expenditure in relation to non-commercial activities including car park and commercialisation would reduce in response to the impact of Covid-19; and
- capital expenditure projects and distributions to partners were significantly reduced compared with the December 2019 Business Plan.

Under the base case scenario, the Partnership has sufficient liquidity for at least twelve months from the date of signing these financial statements. However, in addition to the base case scenario, the Directors modelled a severe but plausible downside scenario to assess the impact on the Partnership's liquidity. The following changes to the base case assumptions were made for the period from 1 July 2020 to 31 December 2021:

- net rental income presented in the base case was reduced by a further 10%, in part to reflect future potential lockdowns; and
- further property valuation declines by 31 December 2021 of 14%.

The Directors have taken into account the prudent May 2020 financial forecast i.e. the base case scenario, together with the sensitivities referred to above, and concluded that the Partnership has sufficient liquidity on a stand-alone basis for a period of at least twelve months from the date of signing these financial statements. It has no external borrowings or debt covenants, with discretionary capital expenditure and distributions and resilient operational activities.

In addition, the Directors note that the existing Limited Partnership Agreement (the "Agreement") referred to in note 2(a) expired in March 2019. Accordingly, the Directors have received letters of support from Hammerson plc, one of the ultimate controlling parties, and Westfield Europe Limited, a subsidiary undertaking of Unibail-Rodamco-Westfield SE ("URWSE"), the other ultimate controlling party, which state their intention and ability to ensure that the Partnership is a going concern for at least twelve months from the date of signing of these financial statements.

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

## 1. ACCOUNTING POLICIES (continued)

### (b) Going concern (continued)

However the Directors also reviewed the interim financial statements for Hammerson plc to 30 June 2020, which were published on 6 August 2020. The Directors noted the inclusion of a material uncertainty over going concern within those interim financial statements. This highlighted that the Group was forecast to breach certain of its debt covenants under a severe but plausible scenario, and that the key mitigating actions to resolve these breaches, namely an equity raise and the disposal of substantially all of the Group's investment in VIA Outlets, were still subject to a joint shareholder vote as at the date of approval of the interim financial statements. In addition the resolution of the breaches was subject to the successful completion of the equity raise and therefore the associated proceeds could not be regarded as secured at the time of signing those interim financial statements on 6 August 2020.

Subsequent to 6 August 2020, the equity raise and disposal were approved at the General Meeting of Hammerson plc shareholders on 1 September 2020. Furthermore the equity raise closed on 25 September 2020 and raised gross proceeds of approximately £552 million, and the disposal of substantially all of the Group's investment in VIA Outlets completed on 31 October 2020 and raised further gross proceeds of approximately £277 million. Accordingly both drivers of the material uncertainty over going concern within the Hammerson plc interim financial statements have now been resolved. Consequently, the Directors are satisfied they can rely on the letter of support from Hammerson plc.

In forming an assessment as to whether Westfield Europe Limited ("WEL") has the ability and intention to provide the necessary support to the Partnership, the Directors considered that WEL obtained a letter of support from URWSE. The support letter confirms that for a period of twelve months from the date of approval of WEL's financial statements for the year ended 31 December 2019 (which were signed on 16 December 2020), URWSE will make available such funds as are required to enable WEL to meet its liabilities as they fall due.

The Directors made detailed enquiries of URWSE's ability to provide this support. In doing so the Directors reviewed the latest financial results of URWSE released on 1 November 2020 and noted the strong liquidity position together with no going concern concerns raised. Accordingly the Directors are satisfied that URWSE has the intent and ability to provide the necessary support.

Consequently, the Directors have a reasonable expectation that the Partnership will have access to ongoing support from both Hammerson plc and Westfield Europe Limited to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### (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 added to the costs of property and 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.

**1. ACCOUNTING POLICIES (continued)**

(c) Net rental income (continued)

Property operating expenses, including any operating expenditure not recovered from tenants through service charges, are charged to the statement of comprehensive income as incurred.

Included in net rental income is £189,000 (2018: £205,000) of contingent rents calculated by reference to tenants' turnover.

(d) 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. Croydon Management Services Limited acts as an agent to the Partnership under a Development and Asset Management Agreement. All bank and other interest receivable by the agent is attributable to the Partnership and is included within net finance costs.

(e) 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.

(f) 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.

(g) 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.

(h) Cash and deposits 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.

(i) 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 subsequently carried at amortised cost using the effective interest method.

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

## 1. ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

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.

(j) 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 is carried in the balance sheet at fair value 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 market-derived 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 key inputs. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

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

## 2. LIMITED PARTNERSHIP AGREEMENT ("The Agreement")

(a) The Agreement dated 6 March 2013 states that the purpose of the Partnership is to carry out property investment and development. This Agreement expired in March 2019; however, by mutual agreement between the partners, the Partnership has continued to operate since that date under the same terms and conditions.

(b) During the year Croydon (GP2) Limited acting as the General Partner had an interest of 0.5% (2018: 0.5%) in the profits and assets of the Partnership.

(c) At 31 December 2019 Croydon Jersey Unit Trust acting as the Limited Partner had an interest of 99.5% (2018: 99.5%) in the profits and assets of the Partnership.

## 3. NET RENTAL INCOME

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Base rent | **11,793** | 13,809 |
| Turnover rent | **189** | 205 |
| Car park income | **480** | 556 |
| Other rental income | **506** | 584 |
| Gross rental income | **12,968** | 15,154 |
| Service charge income | **1,998** | 2,451 |
| **Revenue** | **14,966** | 17,605 |
| Ground and equity rents payable | **(1,459)** | (2,066) |
| Service charge expenses | **(3,807)** | (3,872) |
| Other property outgoings | **(1,366)** | (1,244) |
| Rents payable and other property outgoings | **(6,632)** | (7,182) |
| **Net rental income** | **8,334** | 10,423 |

## 4. ADMINISTRATIVE EXPENSES

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Management fees payable to Hammerson UK Properties plc | **-** | 563 |
| Fees payable to the Partnership's auditors for the audit of the Partnership's financial statements | **26** | 32 |
| Registrars' fee | **3** | 19 |
| Insurance administration credit and other administration income | **(8)** | (16) |
| | **21** | 598 |

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

Fees for the audit of the Partnership were £15,770 (2018: £7,630). The Partnership also pays the auditors' fees for another group company amounting to £5,250 (2018: £2,540).

The Directors of the General Partner did not receive any remuneration for their services from the Partnership in the year (2018: £nil), having been paid by other related parties. It is deemed impractical to allocate their remuneration between related parties for the purpose of disclosure. The services of the Directors of the General Partner are of a non-executive nature.

## 5. NET FINANCE INCOME

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Bank interest receivable | 207 | - |
| Agent interest receivable (note 1(d)) | 34 | 23 |
| | 241 | 23 |

## 6. INVESTMENT PROPERTIES

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

| **Long leasehold** | 2019 £'000 | 2018 £'000 |
|---|---|---|
| At 1 January | 259,170 | 245,610 |
| Additions at cost | 1,908 | 12,695 |
| Revaluation (loss)/gain | (21,753) | 865 |
| At 31 December | 239,325 | 259,170 |

(b) The Partnership's property is stated at the valuation determined by the Directors of the General Partner at 31 December 2019, which is based on best available information and on certain assumptions as set out in note 1(j).

(c) The historical cost of investment properties at 31 December 2019 was £281,401,000 (2018: £279,493,000).

(d) At 31 December 2019 the Partnership had capital commitments of £30,200,000 (2018: £nil) which will be settled using the escrow funds held for the Compulsory Purchase Order referred to in note 8.

## 7. RECEIVABLES: CURRENT ASSETS

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Trade receivables | 98 | - |
| Amounts owed by Hammerson UK Properties plc | 61 | 61 |
| Amounts owed by Croydon (GP1) Limited | 2,270 | 1,241 |
| Amounts owed by Croydon Limited Partnership | 654 | 654 |
| Amounts owed by Croydon Management Services Limited | 12,474 | 7,571 |
| Prepayments | - | 21 |
| | 15,557 | 9,548 |

All amounts shown fall due for payment within one year and are repayable on demand. Amounts owed by the entities listed above are non-interest bearing. The amounts owed are unsecured.

## 8. RESTRICTED MONETARY ASSETS

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Escrow account held on behalf of third parties | **61,710** | 61,852 |

The amount relates to the Compulsory Purchase Order for the land holdings surrounding Whitgift Shopping Centre.

## 9. PAYABLES: CURRENT LIABILITIES

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Amounts due to Croydon Management Services Limited | **-** | 6 |
| Other payables and accruals | **852** | 1,625 |
| | **852** | 1,631 |

Amounts due to the entity listed above are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

## 10. PARTNERS' EQUITY

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Partners' capital accounts | | |
| - General Partner | **-** | - |
| - Limited Partner | **10** | 10 |
| | **10** | 10 |
| Partners' equity loans | | |
| - General Partner | **1,598** | 1,598 |
| - Limited Partner | **318,026** | 318,026 |
| | **319,624** | 319,624 |
| Partners' current accounts | **(3,894)** | 9,305 |
| | **315,740** | 328,939 |

The Partners' capital accounts 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.

During the year additional Partners' equity loans of £nil (2018: £61,851,000) were made to the Partnership. The equity loans are non-interest bearing, long-term funding, which is equity in nature and is in proportion to each Partner's interest.

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

## 11. FINANCIAL INSTRUMENTS

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

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| **Financial assets** | | |
| *Measured at unamortised cost:* | | |
| Trade receivables | **98** | - |
| Amounts owed by Hammerson UK Properties plc | **61** | 61 |
| Amounts owed by Croydon (GP1) Limited | **2,270** | 1,241 |
| Amounts owed by Croydon Limited Partnership | **654** | 654 |
| Amounts owed by Croydon Management Services Limited | **12,474** | 7,571 |
| Prepayments | **-** | 21 |
| Restricted monetary assets | **61,710** | 61,852 |
| | **77,267** | 71,400 |
| **Financial liabilities** | | |
| *Measured at unamortised cost:* | | |
| Amounts due to Croydon Management Services Limited | **-** | 6 |
| Other payables and accruals | **852** | 1,625 |
| | **852** | 1,631 |

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

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Net finance income (see note 5) | **241** | 23 |

## 12. ADVANCES, CREDITS, GUARANTEES AND CONTINGENT LIABILITIES

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

The Partnership had contingent liabilities of £6,000,000 (2018: £nil) relating to potential works on the Partnership's properties.

## 13. RELATED PARTIES

Other than disclosed in the statement of changes in equity and in notes 4, 5, 7, 9 and 10, there were no material related party transactions during the year. There were no payments to key management personnel.

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

| **Related party** | **Relationship** |
|---|---|
| Croydon Limited Partnership | Joint venture entity held indirectly by ultimate parent companies |
| Croydon (GP1) Limited | Joint venture entity held indirectly by ultimate parent companies |
| Croydon (GP2) Limited | General Partner |
| Croydon Jersey Unit Trust | Limited Partner |
| Croydon Management Services Limited | Joint venture entity held indirectly by ultimate parent companies |
| Hammerson UK Properties plc | Indirect subsidiary of an ultimate parent company |

## 14. ULTIMATE CONTROLLING PARTIES

The Partners listed in note 2 are the immediate controlling parties of the Partnership. The ultimate controlling parties at the balance sheet date were Hammerson plc (50%) which is registered in England and Wales and Unibail-Rodamco-Westfield SE (50%) which is registered in France.

The consolidated financial statements of the ultimate controlling companies are available from their registered offices:

Hammerson plc
The Company Secretarial Department
Kings Place
90 York Way
London N1 9GE

Unibail-Rodamco-Westfield SE
7 Place du Chancelier Adenauer
75016 Paris
France

## 15. POST BALANCE SHEET EVENTS

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

As a result of the Covid-19 pandemic, on 23 March 2020, the Partnership's investment property, Whitgift Shopping Centre in Croydon, was closed and subsequently reopened on 15 June 2020, having complied with Government safeguarding restrictions. A further national lockdown period was also introduced from 3 November to 2 December 2020. Only retailers providing essential services and supplies continued to trade during the lockdown periods.

## 15. POST BALANCE SHEET EVENTS (CONTINUED)

This unprecedented situation has had a significant impact on the business. As at the date of signing these financial statements, approximately 81% of the Q1 rent and service charges had been collected, together with approximately 70% of the Q2 and Q3 demands.

During the lockdown periods it was essential to ensure the property was operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores. The cost reductions enabled the Partnership to reduce its service charge demands to tenants for the 24 June quarter day by approximately 30% compared with the prior quarter.

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall has steadily increased and in October 2020 was averaging 37% below 2019 levels, with cumulative footfall from 15 June to 31 October 2020 approximately 40% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

During 2019 the Directors were particularly focused on the impact of the administrations and CVAs of certain retailers and brands. This focus will be heightened in the coming months as the full impact of the Covid-19 pandemic unfolds. It is anticipated that net rental income levels for 2020 will be materially lower than the prior year, and property valuations will reduce. It is not currently possible to quantify the financial effects of these changes.

A sensitivity analysis showing the impact on valuations of changes in yields and market rental income is detailed in the table below.

| Investment property valuation | Impact on valuation of 100bp change in nominal equivalent yield | | Impact on valuation of 10% change in estimated rental value (ERV) | |
|---|---|---|---|---|
| 2019 | Decrease | Increase | Increase | Decrease |
| £'000 | £'000 | £'000 | £'000 | £'000 |
| 239,325 | 56,982 | (38,601) | 23,932 | (23,932) |