

Registered Number: 08425916

CROYDON (GP2) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2020

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CROYDON (GP2) LIMITED

DIRECTORS' REPORT

Year ended 31 December 2020

The Directors submit their report and the audited financial statements for Croydon (GP2) Limited (the "Company") for the year ended 31 December 2020.

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 Whitgift Limited Partnership (the "Partnership") holds for investment the Whitgift Shopping Centre.

2. REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Performance during the year

The carrying value of the Company's investment in the Partnership is linked to the underlying value of the Partnership and was impaired during the year by £502,000 (2019: £19,000). Net finance costs of £49,000 (2019: £52,000) were incurred and represent amounts payable to related parties.

The Whitgift Shopping Centre in Croydon was affected by the Covid-19 pandemic. This unprecedented situation has had a significant impact, with footfall levels significantly below 2019 levels due to the closure of all non-essential retail during continued periods of national and local lockdown.

The asset management team have worked hard to reach fair and reasonable agreements with tenants, offering flexible repayment terms or rent waivers where appropriate. In spite of the proactive measures taken, rent collection was significantly below historic levels.

Net rental income for the Partnership reduced principally as a result of increased provisioning due to the higher level of arrears and increased uncertainty as a consequence of the pandemic. Car park income, commercialisation income and turnover rents all fell due to the closure of the majority of stores in periods of Covid-19 lockdown during the year.

Reduced income levels together with an outward yield movement have reduced the Partnership's property valuation. This reflects store closures during the lockdown periods and reduced leasing volumes, further exacerbated by increased levels of CVAs and administrations

Future prospects

The impact of Covid-19 has extended into 2021. The roll-out of a vaccination programme together with the lifting of Covid-19 restrictions should lead to a recovery as workers and shoppers return to the shopping centre. However, any significant re-emergence of Covid-19 or new variants thereof could also result in the imposition of further restrictions.

It is anticipated the Partnership's net rental income levels and property valuations will remain challenged in 2021.

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

CROYDON (GP2) LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2020

3. RESULTS AND DIVIDENDS

The loss for the year after tax was £553,000 (2019: £73,000). The Directors do not recommend the payment of a dividend for the year (2019: £nil).

Net liabilities for the Company as at 31 December 2020 were £245,000 (2019: assets £308,000).

4. DIRECTORS

- (a) Mr. J.A. Hodes was a Director of the Company throughout the year and was in office at the date of approval of this report.
- (b) Mr. W.S. Austin and Mr. M.R. Bourgeois were Directors of the Company throughout the year and resigned as Directors of the Company on 11 November 2021.
- (c) Miss. A. Beattie was an Alternate Director of the Company throughout the year and was in office at the date of approval of this report.
- (d) Mr. W.S. Austin and Mr. M.R. Bourgeois were Alternate Directors of the Company throughout the year and resigned as Alternate Directors of the Company on 11 November 2021.
- (e) Mr. S.C. Parsons was appointed as a Director of the Company on 31 March 2020 and was in office at the date of approval of this report.
- (f) Mr. O. Bossard resigned as a Director of the Company on 31 March 2020.
- (g) Mr. H.A. Badham and Mr. G. Peureux were appointed as Directors of the Company on 11 November 2021 and were in office at the date of approval of this report.
- (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 liability and net liability position on the balance sheet as at 31 December 2020 and having taken into account the existing and anticipated effects of Covid-19 and the letters of support received from Croydon Management Services Limited and Croydon (GP1) 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 12 months from the date of signing of these financial statements. More information is provided in note 1(b) to the financial statements.

CROYDON (GP2) LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2020

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. Hammerson plc, one of the ultimate controlling parties, has put in place qualifying third party indemnity provisions for the benefit of all the Directors of the Company which were in place throughout the year and remain in place 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 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.

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.

CROYDON (GP2) LIMITED

DIRECTORS' REPORT (CONTINUED)

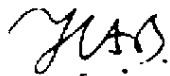
Year ended 31 December 2020

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.

On behalf of the Board



H.A. Badham

Director

Registered Number: 08425916

Date: 20 December 2021

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 2020 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 2020; 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2020 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Performing procedures over any unusual journal entries;
- Designing audit procedures to incorporate unpredictability into our testing;
- Challenging assumptions made by management in determining their judgements and accounting estimates; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

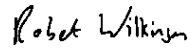
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained 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 (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 December 2021

CROYDON (GP2) LIMITED**STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2020**

	Notes	2020 £'000	2019 £'000
Administrative expenses	2	(3)	(2)
Increase in impairment provision on investments	5	<u>(502)</u>	<u>(19)</u>
Operating loss		(505)	(21)
Net finance costs	3	<u>(49)</u>	<u>(52)</u>
Loss on ordinary activities before taxation		(554)	(73)
Tax credit	4(a)	<u>1</u>	<u>-</u>
Loss on ordinary activities after taxation and total comprehensive expense for the financial year		<u>(553)</u>	<u>(73)</u>

All amounts relate to continuing activities.

CROYDON (GP2) LIMITED**BALANCE SHEET****As at 31 December 2020**

	Notes	2020		2019	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments	5		1,077		1,579
Receivables	6		<u>114</u>		<u>114</u>
Total non-current assets			1,191		1,693
Current liabilities					
Payables	7	<u>(30)</u>		<u>(28)</u>	
Net current liabilities			<u>(30)</u>		<u>(28)</u>
Total assets less current liabilities			1,161		1,665
Non-current liabilities					
Payables	8		<u>(1,406)</u>		<u>(1,357)</u>
Net (liabilities)/assets			<u>(245)</u>		<u>308</u>
Capital and reserves					
Called up share capital	10		470		470
Accumulated losses	11		<u>(715)</u>		<u>(162)</u>
Total (deficit)/equity			<u>(245)</u>		<u>308</u>

The financial statements were authorised for issue by the Board of Directors and were signed on its behalf on 20 December 2021.



H.A. Badham

Director

Registered Number: 08425916

CROYDON (GP2) LIMITED**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2020**

	Called up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2019	470	(89)	381
Loss and total comprehensive expense for the financial year	<u>-</u>	<u>(73)</u>	<u>(73)</u>
At 31 December 2019	470	(162)	308
Loss and total comprehensive expense for the financial year	<u>-</u>	<u>(553)</u>	<u>(553)</u>
At 31 December 2020	<u>470</u>	<u>(715)</u>	<u>(245)</u>

CROYDON (GP2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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.

CROYDON (GP2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(b) Going concern

In considering going concern the Directors note that the Company has net current liabilities and net liabilities, and no external borrowings or debt covenants. The current liabilities are primarily due to Croydon Management Services Limited ("CMS") and Croydon (GP1) Limited ("GP1"). These entities, together with the Croydon Limited Partnership, the Whitgift Limited Partnership, Croydon Car Park Limited and the Company, form the Alliance. The entities within the Alliance are co-owned by the ultimate controlling parties.

The Directors have received letters of support from CMS and GP1 (the "supporting entities") which state that for a period of 12 months from the date of signing the Company's financial statements, the supporting entities have no intention to request the entities within the Alliance to repay amounts repayable to the entities with the Alliance, unless those entities are able to meet their liabilities as they fall due. Furthermore, the letters state the supporting entities' intention and ability to provide the necessary financial support to ensure that the Company is a going concern for at least 12 months from the date of signing of these financial statements.

In forming an assessment as to whether the supporting entities have the ability and intention to provide the necessary support to the Company, the Directors have performed a detailed assessment of the current and projected financial position of the Alliance. The Directors have made reasonable assumptions about the future trading performance of the Alliance, preparing two forecast scenarios, a Base case and a Severe but plausible adverse case, which take into account the current and near-term assessment of the Alliance's principal risks.

The Covid-19 pandemic has significantly adversely affected the Alliance's operations with the imposition of restrictions including limiting footfall at the Alliance's properties and the closure of non-essential retail; reduced collections; and an increased level of tenant concessions and restructuring. These factors have resulted, and are expected to continue to result, in further downward pressure on both rents and property valuations. The Directors' scenario modelling has been undertaken against this backdrop and the key assumptions adopted for the scenarios are as follows:

Base case scenario

- the disruption caused by the Covid-19 pandemic continues to ease and trading conditions continue to improve, driven by the successful roll-out of the vaccination programme;
- a slow, but sustained, recovery in sales and footfall, with improving collections and leasing demands, with stores remaining open; and
- a challenging retail occupational and investment market with further tenant restructuring and concessions to support weaker brands; and falling property valuations, principally in 2021.

CROYDON (GP2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(b) Going concern (continued)

Severe but plausible adverse scenario

Assumptions are as per the Base case scenario with the following additional adverse assumptions:

- a significant resurgence of Covid-19 in late 2021 resulting in the re-imposition of restrictions, including a three-month lockdown over the 2021/2022 winter, including the closure of non-essential stores; and
- a further deterioration in the occupational retail market, with additional tenant restructuring, the provision of concessions to support brands, and the impairment and write-off of outstanding arrears. This results in lower income projections, with net rental income on a like-for-like basis being approximately 100% lower in 2021 than in 2019.

Under both the Base case scenario and the Severe but plausible scenario, the Alliance has sufficient liquidity on a stand-alone basis for a period of at least 12 months from the date of signing these financial statements. The Alliance has significant brought forward cash, no external borrowings or debt covenants, with discretionary capital expenditure and distributions and resilient operational activities. Consequently, the Directors are satisfied that the supporting entities have the ability and intention to provide the necessary support to the Company and they can place reliance on the letters of support.

In addition, the Directors note from the financial statements of the Croydon Limited Partnership and the Whitgift Limited Partnership (the "Partnerships") that the Limited Partners of the Partnerships confirmed they intend to continue trading the Partnerships for a period of at least 12 months from the date of signing of these financial statements and the financial statements of the Partnerships for the year ended 31 December 2020.

After making enquiries and taking into account the factors noted above, in particular the letters of support from the supporting entities, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for a period of 12 months from the date of signing of these financial statements and they continue to adopt the going concern basis in preparing the 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.

CROYDON (GP2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(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. Partner advances are considered equity in nature and included within fixed asset investments. 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.

(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.

CROYDON (GP2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(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 2020, which are publicly available.

2. ADMINISTRATIVE EXPENSES

	2020	2019
	£'000	£'000
Fees payable to the Company's auditors for the audit of the Company's financial statements		
- Current year	3	3
- Adjustment in respect of prior periods	-	(1)
	3	2

The average number of employees during the year was nil (2019: nil).

The Directors did not receive any remuneration for their services from the Company in the year (2019: £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

	2020	2019
	£'000	£'000
Interest payable to Croydon (GP1) Limited	49	52

CROYDON (GP2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

4. TAXATION

(a) Tax credit

	2020 £'000	2019 £'000
UK corporation tax		
Adjustment in respect of prior years – note 4(b)	<u>(1)</u>	<u>-</u>

(b) Factors affecting total tax credit

The corporation tax charge for the current and preceding year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020 £'000	2019 £'000
Loss on ordinary activities before tax	<u>(554)</u>	<u>(73)</u>
Loss at UK corporation tax rate of 19% (2019: 19%)	(105)	(14)
Effects of:		
Share of income from the Whitgift Limited Partnership	3	8
Impairment provision on investments	95	4
Group relief	7	2
Overprovision in previous years	<u>(1)</u>	<u>-</u>
Total tax credit	<u>(1)</u>	<u>-</u>

5. INVESTMENTS

	Partner advances £'000
At 1 January 2019	1,598
Impairment provision	<u>(19)</u>
At 31 December 2019 and 1 January 2020	1,579
Impairment provision	<u>(502)</u>
At 31 December 2020	<u>1,077</u>

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 (2019: £50).

CROYDON (GP2) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**Year ended 31 December 2020**6. RECEIVABLES: NON-CURRENT ASSETS**

	2020 £'000	2019 £'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

	2020 £'000	2019 £'000
Amounts owed to Croydon (GP1) Limited	17	16
Amounts owed to Croydon Management Services Limited	9	6
Corporation tax	-	1
Other payables and accruals	4	5
	30	28

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

	2020 £'000	2019 £'000
Amounts owed to Croydon (GP1) Limited	1,406	1,357

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.

CROYDON (GP2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

9. FINANCIAL INSTRUMENTS

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

	2020 £'000	2019 £'000
Financial assets		
<i>Measured at amortised cost:</i>		
Loans to Hammerson UK Properties plc	57	57
Loans to Westfield UK Finance Limited	57	57
	<u>114</u>	<u>114</u>
Financial liabilities		
<i>Measured at amortised cost:</i>		
Amounts owed to Croydon (GP1) Limited	1,423	1,373
Amounts owed to Croydon Management Services Limited	9	6
Other payables and accruals	4	6
	<u>1,436</u>	<u>1,385</u>

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

	2020 £'000	2019 £'000
Net finance costs (note 3)	<u>49</u>	<u>52</u>

10. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Allotted, called up and fully paid:		
470,000 ordinary shares of £1 each	<u>470</u>	<u>470</u>

11. RESERVES

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

<u>Reserve</u>	<u>Description and purpose</u>
Accumulated losses	Cumulative profits and losses less any dividends paid

CROYDON (GP2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

12. ADVANCES, CREDIT AND GUARANTEES

The Company did not grant any credits, advances or guarantees of any kind to its Directors during the current or preceding 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 2020 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 2020, 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
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Partnership registration: LP015432

WHITGIFT LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2020

THESE ACCOUNTS
FORM PART OF THE
GROUP ACCOUNTS
OF COMPANY
No. 8425916

WHITGIFT LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER

Year ended 31 December 2020

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 2020.

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, which is owned by the Partnership. All rental income and costs are recharged to the Partnership through intercompany accounts on an accruals basis. In addition, the Partnership owns North End properties, which are part of the Whitgift Shopping Centre. During 2020, the management of the North End properties was transferred to an independent managing agent. Rental income and costs, and trade receivables and payable relating to the North End Properties continue to be accounted for directly by the Partnership.

Further information relating to the business and its key risks is provided in the Strategic Report on pages 5 and 6 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.

2. RESULTS AND DISTRIBUTIONS

The Partnership made a loss for the financial year before partners' interests of £100,419,000 (2019: £13,199,000). No distributions have been made during the year (2019: £nil).

Net assets for the Partnership as at 31 December 2020 were £215,321,000 (2019: £315,740,000).

3. DIRECTORS OF THE GENERAL PARTNER

- (a) Mr. J.A. Hodes was a Director of the General Partner throughout the year and was in office at the date of approval of this report.
- (b) Mr. W.S. Austin and Mr. M.R. Bourgeois were Directors of the General Partner throughout the year and resigned as Directors of the General Partner on 11 November 2021.
- (c) Miss. A. Beattie was an Alternate Director of the General Partner throughout the year and was in office at the date of approval of this report.
- (d) Mr. W.S. Austin and Mr. M.R. Bourgeois were Alternate Directors of the General Partner throughout the year and resigned as Alternate Directors of the General Partner on 11 November 2021.
- (e) 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.
- (f) Mr. O. Bossard resigned as a Director of the General Partner on 31 March 2020.
- (g) Mr. H.A. Badham and Mr. G. Peureux were appointed as Directors of the General Partner on 11 November 2021 and were in office at the date of approval of this report.

WHITGIFT LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED)

Year ended 31 December 2020

4. DIRECTORS OF THE GENERAL PARTNER (CONTINUED)

- (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.

5. INDEMNITY

The General Partner's ultimate controlling parties are Hammerson plc and Unibail-Rodamco-Westfield SE. Hammerson plc has put in place qualifying third party indemnity provisions for the benefit of the Directors of the General Partner, which were in place throughout the year and which remain in place at the date of approval of this report.

6. 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 2020 and, having taken into account the existing and anticipated effects of Covid-19 and the letters of support received from Croydon Management Services Limited and Croydon (GP1) 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 12 months from the date of signing of these financial statements. More information is provided in note 1(b) to the financial statements.

7. INDEPENDENT AUDITORS

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

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

8. STATEMENT OF 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 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 Partnership and of the profit or loss of the 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 Partnership will continue in business.

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

WHITGIFT LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED)

Year ended 31 December 2020

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

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

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 particular focus in 2020 has been the impact of the pandemic on the business and the Directors have worked closely with the Partners to ensure alignment when supporting tenants through rent concessions and restructuring. The asset manager provides the Directors with a quarterly update with comparisons of actual results to budget and to highlight other areas including sales and footfall, sustainability, customer experience and innovation. The Directors consider the views of each Partner as part of the decision-making process about future strategy and direction.

Brands

The Partnership's relationships with its retailers, F&B and leisure tenants are important to the Partnership's long-term success. Since the onset of the pandemic, the Directors have recognised the need to support brands, particularly while the Partnership's properties were closed. The asset manager reports on the performance of brands which are discussed at the Directors' board meetings. During 2020, the Directors continued to focus on the impact of the administrations and CVAs of certain retailers and brands, occupational plans and management of the Partnership's assets. The Directors worked hard to reach fair and reasonable agreements on rent during the lockdown periods and to reduce service charge budgets where practicable.

Consumers

Consumer confidence over the past year has been weak, which in turn has adversely affected spending. With the closure of non-essential retail, inevitably this has led to an increase in online shopping. Footfall has been significantly below 2019 levels, although there was an increase in Click & Collect facilities where permitted during the lockdowns. To make our customers' lives easier, a new feature was launched in the summer on the centres' website, which provided customers with live updates on how popular our centre was in real time, so they knew when to visit and beat the crowds.

Offering an engaging experience is crucial for the future of physical retail. The Directors continue to receive both quantitative and qualitative insights from the asset manager to understand consumer needs which inform decisions on creating a desirable destination for shopping, leisure and socialising and to inform investment decisions and identify revenue drivers.

Communities

The Partnership's assets make important social and economic contributions to its community. The pandemic has challenged families, businesses and community groups to an extent no one could have foreseen. The Directors ensure that through the asset management team, strong links are developed with local stakeholders to identify local needs and community projects and maintain and boost the local economy, generate employment and business opportunities and encourage additional inward investment.

WHITGIFT LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED) Year ended 31 December 2020

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 been 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



H.A. Badham
Director
Date: 20 December 2021

WHITGIFT LIMITED PARTNERSHIP

STRATEGIC REPORT

Year ended 31 December 2020

Review of the business

Performance during the year

The Partnership's principal business is to develop and hold for investment the Whitgift Shopping Centre (the "Centre") in Croydon, including the North End properties, which form part of the Centre. The Centre was affected by the Covid-19 pandemic. This unprecedented situation has had a significant impact, with footfall levels significantly below 2019 levels due to the closure of all non-essential retail during continued periods of national and local lockdown.

The asset management team have worked hard to reach fair and reasonable agreements with tenants, offering flexible repayment terms or rent waivers where appropriate. In spite of the proactive measures taken, rent collection was significantly below historic levels. After negotiation with tenants, approximately 80% of rent demanded in 2020 was collected at the balance sheet date.

Net rental income reduced principally as a result of increased provisioning due to the higher level of arrears and increased uncertainty as a consequence of the pandemic. During the year, the recharge from CMS to the Partnership for the provision against its trade receivables, increased by £2,454,000 (2019: £268,000). In addition, the provision against the trade receivables relating to the North End properties increased by £786,000 (2019: £15,000), and the provision against amounts due from related party undertakings increased by £2,011,000 (2019: £nil).

Car park income, commercialisation income and turnover rents all fell due to the closure of the majority of stores in periods of Covid-19 lockdown during the year.

Reduced income levels together with an outward yield movement have reduced the Partnership's property valuation. This reflects store closures during the lockdown periods and reduced leasing volumes, further exacerbated by increased levels of CVAs and administrations.

The Partnership made an operating profit before property revaluation losses of £1,594,000 (2019: £8,313,000) and a total loss for the financial year of £100,419,000 before partners' interests (2019: £13,199,000). Net assets for the Partnership as at 31 December 2020 were £215,321,000 (2019: £315,740,000).

Future prospects

The impact of Covid-19 has extended into 2021. The roll-out of a vaccination programme together with the lifting of Covid-19 restrictions should lead to a recovery as workers and shoppers return to the centre. However, any significant re-emergence of Covid-19 or new variants thereof could also result in the imposition of further restrictions.

It is anticipated the Partnership's property valuations will remain challenged in 2021. A sensitivity analysis of property valuation movements is included in note 1(j). Net rental income levels will also remain challenged, however, as explained in note 16, in October 2021, the Partnership received a premium of £10.5 million in relation to the surrender of a lease which will be recognised in net rental income in 2021, net of any loss allowance provision.

The Directors of the General Partner do not anticipate any significant change in the Partnership's principal activity in the foreseeable future.

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 £3,635,000 in 2020 compared with £8,334,000 in 2019. As shown in note 6(a) to the financial statements, the Partnership incurred capital expenditure of £5,651,000 (2019: £1,908,000) and there was a revaluation loss of £102,078,000 during the year (2019: £21,753,000). The total property valuation at 31 December 2020 was £142,898,000 (2019: £239,325,000). The IPD total return for the property was -40.9% (2019: -4.5%).

WHITGIFT LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

Year ended 31 December 2020

Principal risks

Overview

2020 has been a year of unprecedented uncertainty and disruption, principally due to the Covid-19 pandemic. The restrictions introduced to fight the pandemic have severely affected the macro economy and wider society. The closure of non-essential retail has adversely impacted the vast majority of our brands. Footfall and sales were significantly lower than the prior year and this has led to valuation reductions, reduced rent collections and increased tenant failure.

Against this backdrop, effective risk management is critical to protect the Partnership's income, assets and reputation. The Directors of the General Partner (the "Directors") review and monitor financial, operational and reputational risks and consider these as part of the forecasting and business planning process.

Short term

The key short-term risk facing the Partnership relates to the Covid-19 pandemic and its impact on the business. Covid-19 restrictions, including the closure of non-essential retail, have caused severe financial stress for much of the retail market and caused record tenant failures in the UK. The Directors have agreed rental concessions to support tenants; however the moratorium on evictions has meant a significant number of tenants have withheld lease payments.

The positive impact on infection and transmission levels of the lockdowns and vaccination programme has allowed Covid-19 restrictions to be lifted from Spring 2021. This will support the recovery of the retail market. However, 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 on-going and longer-term risk facing the Partnership relates to tenant exposure and the strength of the UK property market, the latter being impacted by increased online penetration and tenant failures. Tenants' covenants are monitored at the start of leasing agreements and on an ongoing basis to minimise the risk of default. The Directors monitor the UK property market through the analysis of market forecasts and the performance of the property assets 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.

Redevelopment

A review of the potential future redevelopment continues and the Partnership is in dialogue with the London Borough of Croydon and other stakeholders.

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



H.A. Badham

Director

Date: 20 December 2021



Independent auditors' report to the General Partner 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 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity, and the Cash Flow Statement 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the General Partner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the General Partner with respect to going concern are described in the relevant sections of this report.

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 are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Strategic report and 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 our work undertaken in the course of the audit, the Companies Act 2006 as applied to qualifying partnerships requires us also to report certain opinions and matters as described below.

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 2020 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 of the General Partner.

Responsibilities for the financial statements and the audit

Responsibilities of the General Partner for the financial statements

As explained more fully in the Statement of General Partner's Responsibilities in respect of the Financial Statements, the General Partner 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 General Partner 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 General Partner are 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 intend to liquidate the Partnership 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud.
- Reviewing minutes of meetings of those charged with governance.
- Performing procedures over any unusual journal entries.
- Designing audit procedures to incorporate unpredictability into our testing.
- Challenging assumptions made by management in determining their judgements and accounting estimates.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the General Partner of the qualifying Partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving 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 as applied to qualifying partnerships we are required to report to you if, in our opinion:

- we have not obtained 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
20 December 2021

WHITGIFT LIMITED PARTNERSHIP**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	3	13,021	14,966
Rents payable and other property outgoings	3	(9,021)	(6,632)
Change in the provision for amounts not yet recognised in the statement of comprehensive income	3	<u>(365)</u>	<u>-</u>
Net rental income	3	3,635	8,334
Administrative expenses	4	<u>(2,041)</u>	<u>(21)</u>
Operating profit before property revaluation losses		1,594	8,313
Revaluation losses on properties	6(a)	<u>(102,078)</u>	<u>(21,753)</u>
Operating loss		(100,484)	(13,440)
Net finance income	5	<u>65</u>	<u>241</u>
Loss and total comprehensive expense for the financial year before partners' interests		<u>(100,419)</u>	<u>(13,199)</u>

All amounts relate to continuing activities.

WHITGIFT LIMITED PARTNERSHIP

BALANCE SHEET

As at 31 December 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
Non-current assets					
Investment properties	6(a)		142,898		239,325
Current assets					
Receivables	7	13,039		15,557	
Restricted monetary assets	8	61,764		61,710	
Cash and deposits	9	625		-	
		<u>75,428</u>		<u>77,267</u>	
Current liabilities					
Payables	10	<u>(3,005)</u>		<u>(852)</u>	
Net current assets			<u>72,423</u>		<u>76,415</u>
Total assets less current liabilities			<u>215,321</u>		<u>315,740</u>
Net assets			<u>215,321</u>		<u>315,740</u>
Represented by:					
Partners' equity					
Partners' capital accounts	11		10		10
Partners' equity loans	11		319,624		319,624
Partners' current accounts	11		<u>(104,313)</u>		<u>(3,894)</u>
			<u>215,321</u>		<u>315,740</u>

The financial statements were authorised for issue by the Directors of the General Partner and were signed on its behalf on 20 December 2021.



H.A. Badham
Director

Partnership registration: LP015432

WHITGIFT LIMITED PARTNERSHIP**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2020

	Partners' capital accounts £'000	Partners' equity loans £'000	Partners' current accounts £'000	Total equity £'000
At 1 January 2019	10	319,624	9,305	328,939
Loss and total comprehensive expense for the financial year	-	-	(13,199)	(13,199)
At 31 December 2019	10	319,624	(3,894)	315,740
Loss and total comprehensive expense for the financial year	-	-	(100,419)	(100,419)
At 31 December 2020	10	319,624	(104,313)	215,321

WHITGIFT LIMITED PARTNERSHIP

CASH FLOW STATEMENT

For the year ended 31 December 2020

	2020 ¹ £'000	2019 ² £'000
Operating activities		
Operating profit before property revaluation losses	1,594	-
Decrease in receivables	8,546	-
Increase in restrictive monetary assets	(54)	-
Increase in payables	2,153	-
Non-cash items ³	(6,028)	-
Cash generated from operations	6,211	-
Interest received	65	-
Cash flows from operating activities	6,276	-
Investing activities		
Capital expenditure	(5,651)	-
Cash flows from investing activities	(5,651)	-
Increase in cash and deposits in the year	625	-
Opening cash and deposits	-	-
Closing cash and deposits	625	-

1 During 2020, the Whitgift Limited Partnership (the "Partnership") outsourced the management of its North End properties to a third party managing agent. The cash balances shown above relate to cash held by the managing agent in respect of these properties.

2 In 2019, the North End properties were managed by Croydon Management Services Limited ("CMS"), a related undertaking acting as agent on behalf of the Partnership. All cash transactions in respect of the North End properties were administered by CMS in 2019 as the Partnership does not operate its own bank account. Consequently, no cash flow statement was originally produced for the year ended 31 December 2019.

3 The adjustment for non-cash items consists of increases in loss allowance provisions against the following receivable balances, as explained in notes 1(j) and 7:

	£'000
Trade receivables:	
- CMS	2,454
- North End properties	786
Other receivables - CMS	777
Related party undertakings	2,011
	<u>6,028</u>

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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.

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 15).

(b) Going concern

In considering going concern the Directors of the General Partner (the "Directors") initially note that the Partnership has a strong balance sheet, with net current assets and net assets, and no external borrowings or debt covenants. The Partnership, together with Croydon Management Services Limited ("CMS"), Croydon (GP1) Limited ("GP1") and entities controlled by GP1, namely the Croydon Limited Partnership, Croydon Car Park Limited and Croydon (GP2) Limited, form the Alliance. The entities within the Alliance are co-owned by the ultimate controlling parties.

The Directors have received letters of support from CMS and GP1 (the "supporting entities") which state that for a period of 12 months from the date of signing the Partnership's financial statements, the supporting entities have no intention to request the entities within the Alliance to repay amounts repayable to the entities with the Alliance, unless those entities are able to meet their liabilities as they fall due. Furthermore, the letters state the supporting entities' intention and ability to provide the necessary financial support to ensure that the Partnership is a going concern for at least 12 months from the date of signing of these financial statements.

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(b) Going concern (continued)

In forming an assessment as to whether the supporting entities have the ability and intention to provide the necessary support to the Partnership, the Directors have performed a detailed assessment of the current and projected financial position of the Alliance. The Directors have made reasonable assumptions about the future trading performance of the Alliance, preparing two forecast scenarios, a Base case and a Severe but plausible adverse case, which take into account the current and near-term assessment of the Alliance's principal risks, which are explained in the Strategic Report on pages 5 and 6.

The Covid-19 pandemic has significantly adversely affected the Alliance's operations with the imposition of restrictions including limiting footfall at the Alliance's properties and the closure of non-essential retail; reduced collections; and an increased level of tenant concessions and restructuring. These factors have resulted, and are expected to continue to result, in further downward pressure on both rents and property valuations. The Directors' scenario modelling has been undertaken against this backdrop and the key assumptions adopted for the scenarios are as follows:

Base case scenario

- the disruption caused by the Covid-19 pandemic continues to ease and trading conditions continue to improve, driven by the successful roll-out of the vaccination programme;
- a slow, but sustained, recovery in sales and footfall, with improving collections and leasing demands, with stores remaining open; and
- a challenging retail occupational and investment market with further tenant restructuring and concessions to support weaker brands; and falling property valuations, principally in 2021.

Severe but plausible adverse scenario

Assumptions are as per the Base case scenario with the following additional adverse assumptions:

- a significant resurgence of Covid-19 in late 2021 resulting in the re-imposition of restrictions, including a three-month lockdown over the 2021/2022 winter, including the closure of non-essential stores; and
- a further deterioration in the occupational retail market, with additional tenant restructuring, the provision of concessions to support brands, and the impairment and write-off of outstanding arrears. This results in lower income projections, with net rental income on a like-for-like basis being approximately 100% lower in 2021 than in 2019.

Under both the Base case scenario and the Severe but plausible scenario, the Alliance has sufficient liquidity on a stand-alone basis for a period of at least 12 months from the date of signing these financial statements. The Alliance has significant brought forward cash, no external borrowings or debt covenants, with discretionary capital expenditure and distributions and resilient operational activities. Consequently, the Directors are satisfied that the supporting entities have the ability and intention to provide the necessary support to the Partnership and they can place reliance on the letters of support.

Furthermore the Limited Partners have confirmed they intend to continue trading the Partnership for a period of at least 12 months from the date of signing these financial statements.

After making enquiries and taking into account the factors noted above, in particular the letters of support from the supporting entities, the Directors have a reasonable expectation that the Partnership will have access to adequate resources to continue in operational existence for a period of 12 months from the date of signing of these financial statements and they continue to adopt the going concern basis in preparing the financial statements.

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(c) Net rental income

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

Lease incentives and costs associated with entering into tenant leases are 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.

In accordance with amendments to FRS 102 for Covid-19 related rent concessions, changes in rental income arising from rent concessions are recognised over the period that the change in lease payments is intended to compensate, unless there are other significant changes to the terms and conditions of the lease.

Movements in the impairment provisions against the trade receivables of the Partnership and its agent, and unamortised lease incentives, are included within net rental income, as shown in note 3, either within 'other property outgoings' or 'change in the provision for amounts not yet recognised in the statement of comprehensive income'. Further details of the criteria used to assess the level of impairment provisions required are set out in note 1(j).

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 £72,000 (2019: £189,000) 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, which is attributable to the Partnership, is included within net finance costs.

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(e) Investment properties

The Partnership applies the fair value accounting model to investment properties, being market value determined by professionally qualified external valuers (see note 6(b) for further details). 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.

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.

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(j) Critical accounting policies and estimation uncertainties

In the application of the Partnership's accounting policies, the Directors of the General Partner (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 Partnership's critical judgements and areas of estimation uncertainty are in respect of property valuations and impairment provisions.

Property valuations

The Partnership's investment property, which is carried in the balance sheet at fair value, is valued six-monthly by professionally qualified external valuers and the Directors must ensure that they are satisfied that the valuation of the Partnership's property is appropriate for the financial statements (see note 6(b) for further details).

Valuation backdrop

The valuation of the Partnership's properties, which are carried in the balance sheet at fair value, is the most material area of estimation due to its inherent subjectivity, reliance on assumptions and sensitivity to market fluctuations. The outbreak of Covid-19 has impacted many aspects of the global economy, with some real estate markets, particularly the retail sector, having experienced lower levels of transaction activity and liquidity. Travel restrictions have been implemented by most countries and "lockdowns" applied to varying degrees resulting in restrictions to trading hours or closures. Local and national lockdowns may continue to be deployed as necessary across the country and the emergence of significant further outbreaks is possible.

The pandemic and measures taken to tackle Covid-19 continue to affect economies and real estate markets globally, impacting both the investment and occupier markets. Furthermore, the longer-term impacts of Britain's exit from the EU on 31 January 2020 and the subsequent conclusion of the trade deal in December 2020 are as yet unknown.

Property valuations are further complicated by both a lack of transactional evidence to support yields, and a lack of rental evidence to support estimated rental values (ERVs), compared to prior years. Consequently, valuers are faced with an unprecedented set of circumstances on which to base their assumptions and significantly greater estimation uncertainty. Key areas of judgement highlighted in the valuation report included estimation of ERVs based on limited data points, the consideration of appropriate levels of void costs and rent-free periods, the impact of non-payment of rent as a consequence of Covid-19 and the basis of yield assumptions given the lack of relevant transactions of scale.

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

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

Valuation methodology

Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to estimated future rental income streams reflecting contracted income reverting to ERV with appropriate adjustments for income voids arising from vacancies, lease expiries or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be key inputs to the valuations. Where comparable evidence of yield movement is lacking, valuers are reliant on sentiment or the movement of less comparable assets. At 31 December 2020, the valuers have also incorporated a number of changes to reflect the impact of Covid-19, including deductions to rent of up to six months for non-essential retailers, reduced income due to vacancy and a widening of yields to reflect the greater risk of tenant failure. Other factors that are taken into account include, but are not limited to, the location and physical attributes of the property, tenure, tenancy details, local taxes and environmental 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 and developers' profit. Properties held for future development are valued using the highest and best use method, by adopting the higher of the residual method of valuation allowing for all associated risks, and the investment method of valuation for the existing asset.

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

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 2020 £'000	Impact on valuation of 100bp change in nominal equivalent yield		Impact on valuation of 10% change in estimated rental value (ERV)	
	Decrease £'000	Increase £'000	Increase £'000	Decrease £'000
142,898	18,607	(14,762)	14,290	(14,290)

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

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

Impairment provisions

The Partnership is operating in an environment of heightened uncertainty caused by Covid-19 and consequently additional scrutiny and judgement is required in assessing revenue recognition and the potential impairment of financial assets.

Croydon Management Services Limited ("CMS"), acts as an agent to the Partnership under the Development and Asset Management Agreement. Under the agreement, CMS 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.

Up to and including 31 December 2019, the collection rates achieved by CMS on behalf of the Partnership were high, and therefore specific provision was made against trade receivables based on risk characteristics and ageing by CMS. Given the current uncertain operating environment, in 2020, the Directors and CMS adopted a provisioning matrix, grouping receivables dependent on the risk level, taking into account historic default rates, credit rating, ageing, and applying an appropriate provision percentage after taking into account VAT, rent deposits and personal or corporate guarantees held. Where information is available to suggest that a higher level of provisioning is required due to tenant failure or restructuring, a loss allowance provision is made against 100% of the tenant receivable or tenant incentive.

In accordance with the terms of the Development and Asset Management Agreement with CMS, the trade receivables due at the balance sheet date are reflected in the balance sheet of CMS, with rental income and related costs being recharged to the Partnership. These costs include the additional loss allowance provisions against trade receivables referred to above.

The table below presents the increase in the loss allowance provision against trade receivables analysed between amounts recognised before 31 December 2020 and those for which the corresponding credit to the statement of comprehensive income has yet to be recognised.

	2020 £'000	2019 £'000
Increase in loss allowance provision for amounts:		
- recognised in the statement of comprehensive income	2,204	268
- not yet recognised in the statement of comprehensive income	250	-
	2,454	268

In addition, the Directors adopted the same provisioning matrix against trade receivables relating to the North End properties. The table below presents the trade receivables due at the balance sheet date, and the related total loss allowance provision.

	2020 £'000	2019 £'000
Trade receivables	2,738	113
Loss allowance provision for amounts:		
- recognised in the statement of comprehensive income	(686)	(15)
- not yet recognised in the statement of comprehensive income	(115)	-
	(801)	(15)
Net receivable (see note 7)	1,937	98

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

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

As a result of the above, an additional source of impairment loss has been recognised within the statement of comprehensive income for the year ended 31 December 2020:

- Provision for amounts not yet recognised in the statement of comprehensive income: The movement in the loss allowance provision in the period against trade receivables at the balance sheet date which relate to a future reporting period and where the corresponding liability is classified within payables, including rent and service charge arrears. This principally relates to quarterly demands in advance in the UK which were due on 25 December 2020. This cost is not deemed to be a direct property operating expense, as it is not attributable to income recognised in the financial period and has therefore been excluded from other property outgoings, but included as a separate line item within the statement of comprehensive income within net rental income as shown in note 3. Bad debt expense relating to amounts recognised in the statement of comprehensive income in the period will continue to be recorded within other property outgoings.

In addition, the increase in loss allowance provision of £777,000 (2019: £nil) against other receivables relating to the Partnership held in the balance sheet of CMS has been recharged to the Partnership and is included in other property outgoings as shown in note 3.

The Directors have also assessed the recoverability of amounts due from related undertakings, taking into account the value of their underlying net assets. A loss allowance provision against amounts due from related party undertakings was made as at 31 December 2020 of £2,011,000 (2019: £nil). The increase in loss allowance of £2,011,000 (2019: £nil) is included in administrative expenses as shown in note 4.

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. The Limited Partners have confirmed they intend to continue trading the Partnership for a period of at least 12 months from the date of signing these financial statements.
- (b) During the year Croydon (GP2) Limited acting as the General Partner had an interest of 0.5% (2019: 0.5%) in the profits and assets of the Partnership.
- (c) At 31 December 2020 Croydon Jersey Unit Trust acting as the Limited Partner had an interest of 99.5% (2019: 99.5%) in the profits and assets of the Partnership.

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. NET RENTAL INCOME

	2020 £'000	2019 £'000
Base rent	10,486	11,793
Turnover rent	72	189
Car park income	168	480
Other rental income	484	506
Gross rental income	11,210	12,968
Service charge income	1,811	1,998
Revenue	13,021	14,966
Ground and equity rents payable	(530)	(1,459)
Service charge expenses	(4,016)	(3,807)
Other property outgoings ¹	(4,475)	(1,366)
Rents payable and other property outgoings	(9,021)	(6,632)
Change in the provision for amounts not yet recognised in the statement of comprehensive income ²	(365)	-
Net rental income	3,635	8,334

1 Includes change in provision against trade receivable balances held by Croydon Management Services Limited ("CMS"), for amounts recognised in the statement of comprehensive income of £2,204,000 (2019: £268,000), together with the change in provision against trade receivables relating to North End properties, of £671,000 (2019: £15,000). Other property outgoings also includes the increase in provision against other receivable balances held by CMS of £777,000 (2019: £nil).

2 Includes change in provision against trade receivable balances held by CMS, for amounts not yet recognised in the statement of comprehensive income, of £250,000 (2019: £nil), together with the change in provision against trade receivables relating to North End properties of £115,000 (2019: £nil).

4. ADMINISTRATIVE EXPENSES

	2020 £'000	2019 £'000
Increase in loss allowance provision against amounts due from related party undertakings (note 7)	2,011	-
Fees payable to the Partnership's auditors for the audit of the Partnership's and related entity's financial statements:		
- Current year	22	21
- Adjustment in respect of prior periods	2	5
	24	26
Registrars' fee	15	3
Insurance administration credit and other administration income	(9)	(8)
	2,041	21

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

Fees for the audit of the Partnership were £16,170 (2019: £15,410). The Partnership also pays 50% of the auditors' fees for another related entity amounting to £5,385 (2019: £5,130).

The Directors of the General Partner did not receive any remuneration for their services from the Partnership in the year (2019: £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.

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

5. NET FINANCE INCOME

	2020 £'000	2019 £'000
Bank interest receivable	54	207
Agent interest receivable (note 1(d))	11	34
	<u>65</u>	<u>241</u>

6. INVESTMENT PROPERTIES

- (a) The movements in the year on the valuation of properties were:
- | | 2020
£'000 | 2019
£'000 |
|-----------------------|----------------|----------------|
| Long leasehold | | |
| At 1 January | 239,325 | 259,170 |
| Additions at cost | 5,651 | 1,908 |
| Revaluation loss | (102,078) | (21,753) |
| At 31 December | <u>142,898</u> | <u>239,325</u> |
- (b) The properties are stated at fair value at 31 December 2020, valued by professionally qualified external valuers, Jones Lang LaSalle Limited on behalf of Hammerson plc, one of the ultimate controlling parties. The Directors of the General Partner have reviewed and understood the external valuations performed and are satisfied they are reasonable for adoption in the financial statements of the Partnership. The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2017 based on certain assumptions as set out in note 1(j).
- (c) The historical cost of investment properties at 31 December 2020 was £287,052,000 (2019: £281,401,000).
- (d) At 31 December 2020 the Partnership had capital commitments of £23,200,000 (2019: £30,200,000) which will be settled using the escrow funds held for the Compulsory Purchase Order referred to in note 8.

7. RECEIVABLES: CURRENT ASSETS

	2020 £'000	2019 £'000
Trade receivables	1,937	98
Amounts owed by Hammerson UK Properties plc	61	61
Amounts owed by Croydon (GP1) Limited	-	2,270
Amounts owed by Croydon Limited Partnership	654	654
Amounts owed by Croydon Management Services Limited	9,924	12,474
Other receivables	463	-
	<u>13,039</u>	<u>15,557</u>

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.

Trade receivables shown above represent amounts relating to North End properties and are shown after deducting loss allowance provisions of £801,000 (2019: £15,000). In addition, trade receivables are accounted for within Croydon Management Services Limited, which acts as agent to the Partnership. See note 1(j) for further details.

Amounts owed by Croydon (GP1) Limited are shown after a loss allowance provision of £2,011,000 (2019: £nil).

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

8. RESTRICTED MONETARY ASSETS

	2020 £'000	2019 £'000
Escrow account held on behalf of third parties	<u>61,764</u>	<u>61,710</u>

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

9. CASH AND DEPOSITS

	2020 £'000	2019 £'000
Cash at bank	<u>625</u>	<u>-</u>

At 31 December 2020, the Partnership's managing agent held cash of £625,000 (2019: £nil) on behalf of the Partnership which is not restricted and is available to the Partnership and as such has been included in cash and deposits.

10. PAYABLES: CURRENT LIABILITIES

	2020 £'000	2019 £'000
Other payables and accruals	<u>3,005</u>	<u>852</u>

All amounts owed are unsecured.

11. PARTNERS' EQUITY

	2020 £'000	2019 £'000
Partners' capital accounts		
- General Partner	<u>-</u>	<u>-</u>
- Limited Partner	<u>10</u>	<u>10</u>
	10	10
Partners' equity loans		
- General Partner	<u>1,598</u>	<u>1,598</u>
- Limited Partner	<u>318,026</u>	<u>318,026</u>
	319,624	319,624
Partners' current accounts	<u>(104,313)</u>	<u>(3,894)</u>
	<u>215,321</u>	<u>315,740</u>

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.

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

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

12. FINANCIAL INSTRUMENTS

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

	2020 £'000	2019 £'000
Financial assets		
<i>Measured at unamortised cost:</i>		
Trade receivables	1,937	98
Amounts owed by Hammerson UK Properties plc	61	61
Amounts owed by Croydon (GP1) Limited	-	2,270
Amounts owed by Croydon Limited Partnership	654	654
Amounts owed by Croydon Management Services Limited	9,924	12,474
Other receivables	463	-
Restricted monetary assets	61,764	61,710
Cash at bank	625	-
	75,428	77,267
Financial liabilities		
<i>Measured at unamortised cost:</i>		
Other payables and accruals	3,005	852

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

	2020 £'000	2019 £'000
Net finance income (see note 5)	65	241

13. 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 current or preceding year.

The Partnership had contingent liabilities of £6,000,000 (2019: £6,000,000) relating to potential works on the Partnership's properties.

WHITGIFT LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

14. RELATED PARTIES

Other than disclosed in the statement of changes in equity and in notes 4, 5, 7, 10 and 11, there were no material related party transactions during the current or preceding 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

15. 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
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16. POST BALANCE SHEET EVENTS

In October 2021, the Partnership received a premium of £10.5 million in relation to the surrender of a lease which will be recognised in net rental income in 2021, net of any loss allowance provision.