

Registered Number: 10530357

HAMMERSON (EXETER II) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019

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HAMMERSON (EXETER II) LIMITED

DIRECTORS' REPORT

Year ended 31 December 2019

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

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

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Company was property investment and development in the United Kingdom. During the prior year the Company stopped work on the potential investment of Exeter Retail Park. The Directors anticipate that the Company will become dormant in the foreseeable future.

An assessment of the impact of Covid-19 pandemic has had on the business and how this may affect its activities in the future is provided in the post balance sheet events note 10 to the financial statements.

2. RESULTS AND DIVIDENDS

The loss for the year after tax was £8,000 (2018: £616,000). The Directors do not recommend the payment of a dividend for the year (2018: £nil).

Net liabilities for the Company as at 31 December 2019 were £624,000 (2018: £616,000).

3. DIRECTORS

- (a) Mr. W.S. Austin and Mr. A.J. Berger-North were Directors of the Company throughout the year and were in office at the date of approval of this report, unless otherwise stated below.
- (b) Mr. P.W.B. Cole and Mr. P.F. Cooper resigned as Directors of the Company on 30 April 2019.
- (c) Mr. A.J. Berger-North resigned as a Director of the Company on 7 August 2020.
- (d) Mr. T. Cochrane was appointed as a Director of the Company on 7 August 2020 and was in office at the date of approval of this report.
- (e) Mr P.J. Denby was appointed as a Director of the Company on 9 September 2020 and was in office at the date of approval of this report.
- (f) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (g) No Director has any interests in contracts entered into by the Company.

4. SECRETARY

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

HAMMERSON (EXETER II) LIMITED

DIRECTORS' REPORT (CONTINUED)
Year ended 31 December 2019

5. 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 2019 and, having taken into account the existing and anticipated effects of Covid-19 and the letter of support received from Hammerson plc, its ultimate parent company, concluded that it was appropriate.

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

6. INDEMNITY

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

7. INDEPENDENT AUDITORS

BDO 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.

BDO LLP have indicated their willingness to continue in office.

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

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

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

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

The Directors are 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.

HAMMERSON (EXETER II) LIMITED

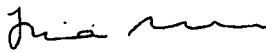
DIRECTORS' REPORT (CONTINUED)
Year ended 31 December 2019

9. DISCLOSURE OF INFORMATION TO AUDITORS

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

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

By order of the Board



J. Crane
For and on behalf of
Hammerson Company Secretarial Limited
acting as Secretary
Date: 18 December 2020

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

HAMMERSON (EXETER II) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMMERSON (EXETER II) LIMITED

Opinion

We have audited the financial statements of Hammerson (Exeter II) Limited (the "Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

HAMMERSON (EXETER II) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMMERSON (EXETER II) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

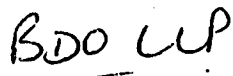
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Wingrave (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom
Date: 18 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

HAMMERSON (EXETER II) LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2019

	2019 £'000	2018 £'000
Other property outgoings	<u>(8)</u>	<u>(616)</u>
Operating loss	<u>(8)</u>	<u>(616)</u>
Loss before and after taxation and total comprehensive expense for the financial year	<u>(8)</u>	<u>(616)</u>

All amounts relate to discontinued operations.

HAMMERSON (EXETER II) LIMITED**BALANCE SHEET****As at 31 December 2019**

	Note	2019 £'000	2018 £'000
Current assets			
Receivables	4	-	8
		-	8
Current liabilities			
Payables	5	(624)	(624)
Net current liabilities		(624)	(616)
Net liabilities		(624)	(616)
Capital and reserves			
Called up share capital	6	-	-
Accumulated losses	7	(624)	(616)
Total deficit		(624)	(616)

The financial statements were authorised for issue by the Board of Directors on 18 December 2020 and were signed on its behalf.

**W.S. Austin**

Director

Registered Number: 10530357

HAMMERSON (EXETER II) LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2019

	Called up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2018	-	-	-
Loss and total comprehensive expense for the financial year		(616)	(616)
At 31 December 2018		(616)	(616)
Loss and total comprehensive expense for the financial year		(8)	(8)
At 31 December 2019		(624)	(624)

HAMMERSON (EXETER II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

During 2019, the following relevant new and revised Standards and Interpretations have been adopted:

- IFRS 16 Leases, effective for accounting periods beginning on or after 1 January 2019

Impact of new and revised Standards

IFRS 16 Leases

The standard requires lessees to recognise, for each lease, a right-of-use asset and related lease liability representing the obligation to make lease payments. Interest expense on the lease liability and depreciation on the right-of-use asset is recognised in the Company's statement of comprehensive income. There has been no impact on the Company on the adoption of IFRS 16.

Basis of preparation

Hammerson (Exeter II) 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 the Companies Act 2006 and Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council.

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

The preparation of financial instruments in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(f).

Disclosure exemptions adopted

The following exemptions from the requirements of IFRS have, where relevant, been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - iii. paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);

HAMMERSON (EXETER II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(a) Basis of accounting (continued)

The following paragraphs of IAS 1, 'Presentation of financial statements':

- iv. 10(d) (statement of cash flows);
 - v. 16 (statement of compliance with all IFRS);
 - vi. 38A (requirements for minimum of two primary statements, including cash flow statements);
 - vii. 38B-D (additional comparative information);
 - viii. 111 (cash flow statement information); and
 - ix. 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
 - Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
 - Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
 - The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. The financial statements of Hammerson plc are publically available and can be obtained as described in note 9.

(b) Going concern

In considering going concern the Directors have initially assessed the existing and expected impact of the Covid-19 pandemic on the Company's activities and the appropriateness of the use of the going concern basis. An outline of the current effects of the pandemic on the business is included in the post balance sheet events note 10 to the financial statements.

The Company has net current liabilities and net liabilities as at 31 December 2019 and is reliant on the continued support of its ultimate parent company, Hammerson plc, to be able to meet its liabilities as they fall due.

The Directors consider that the Company is an integral part of Hammerson plc's structure and strategy and this is evidenced by a letter of support received from Hammerson plc, which states its intent to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements.

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

HAMMERSON (EXETER II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

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

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

Consequently, the Directors are satisfied they can rely on the letter of support from Hammerson plc and they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

(c) 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.

(d) 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.

(e) 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.

HAMMERSON (EXETER II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **Year ended 31 December 2019**

1. ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the 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.

(f) Critical accounting policies and estimation uncertainties

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. At 31 December 2019 the Directors do not believe there are any critical accounting policies or areas of estimation uncertainty.

2. ADMINISTRATIVE EXPENSES

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

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

Another group company has paid the auditors' fees for the audit of the Company's annual financial statements in both the current and preceding financial year. Fees for the audit of the Company were £875 (2018: £850).

3. TAXATION

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

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

The Company therefore had no tax charge for the current or preceding year, and this is expected to continue for the foreseeable future. The losses surrendered as group relief to other group companies, for the year ended 31 December 2019 are £8,000 (2018: £616,000).

HAMMERSON (EXETER II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

4. RECEIVABLES: CURRENT ASSETS

	2019 £'000	2018 £'000
Amounts owed by fellow subsidiary undertakings	-	8

All amounts shown under receivables fall due for payment within one year and are repayable on demand. The amounts owed are unsecured. Amounts owed by fellow subsidiary undertakings are non-interest bearing.

5. PAYABLES: CURRENT LIABILITIES

	2019 £'000	2018 £'000
Amounts owed to ultimate parent company	624	607
Amounts owed to fellow subsidiary undertakings	-	17
	<u>624</u>	<u>624</u>

Amounts owed to the ultimate parent company are repayable on demand and interest bearing at variable rates based on LIBOR. Interest is charged only when it reaches a de minimis value. Amounts owed to fellow subsidiary undertakings are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

6. CALLED UP SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid: 1 ordinary share of £1	<u>1</u>	<u>1</u>

7. 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

8. 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.

HAMMERSON (EXETER II) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

9. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2019, the Company's ultimate parent company was Hammerson plc, which is registered in England and Wales and is the largest and smallest group to consolidate these financial statements. At 31 December 2019, the Company's immediate parent company was Hammerson UK Properties plc, which is registered in England and Wales.

The consolidated financial statements of the ultimate parent company, Hammerson plc, are available from that company's registered office, Kings Place, 90 York Way, London N1 9GE.

10. POST BALANCE SHEET EVENTS

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

Given the nature of the Company's current operations Covid-19 is not likely to have a significant impact on the Company's financial performance or position.