

Registered number: 10530428

HIGHCROSS LEICESTER (GP) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the period from 29 November 2018 to 31 December 2019

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HIGHCROSS LEICESTER (GP) LIMITED

DIRECTORS' REPORT

For the period from 29 November 2018 to 31 December 2019

The Directors submit their report and the audited financial statements for Highcross Leicester (GP) Limited (the "Company") for the period 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. CHANGE OF ACCOUNTING REFERENCE DATE

On 17 December 2019, the Company changed its accounting reference date from 28 November to 31 December and extended its accounting period. The comparative period from 1 January 2018 to 28 November 2018 is referred to as 2018 below.

2. REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the Company is to act as the General Partner to the Highcross Leicester Limited Partnership (the "Partnership") which indirectly owns Highcross Shopping Centre via its 100% investment in Highcross Leicester Holdings Limited. Hammerson UK Properties plc and The Norinchukin Bank are the Limited Partners of the Partnership, each owning 49.9975%, with the Company owning the remaining 0.005%. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

Performance during the period

The Company's investment in the Highcross Leicester Limited Partnership ("the Partnership") was impaired during the period by £3,783 (2018: £nil). Investment income of £462 (2018: £nil) was received relating to distributions received from the Partnership, and net finance costs of £204 (2018: £nil) were incurred.

Future prospects

The carrying value of the Company's investment is linked to the underlying value of the Partnership, which is in turn impacted by its indirect 100% investment in Highcross Shopping Centre Limited. Highcross Shopping Centre Limited has been affected by the recent Covid-19 pandemic, as a result of which, on 23 March 2020, the Company's investment property was closed and subsequently reopened on 15 June 2020, having complied with Government safeguarding restrictions. The Government subsequently announced an additional local lockdown within Leicester from 30 June to 27 July 2020. A further national lockdown period was also introduced from 3 November to 2 December 2020. Only retailers providing essential services and supplies continued to trade during the lockdown periods.

This unprecedented situation has had a significant impact on the business of Highcross Shopping Centre Limited, with reduced cash collections of rent and service charges. As at the date of signing these financial statements, approximately 95% of the Q1 rent and service charges had been collected, together with approximately 45% of the Q2 and Q3 demands.

During the lockdown periods it was essential to ensure the property was operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores. The cost reductions enabled the Company to reduce its service charge demands to tenants for the 24 June quarter day by approximately 43% compared with the prior quarter.

HIGHCROSS LEICESTER (GP) LIMITED

DIRECTORS' REPORT (CONTINUED)

For the period from 29 November 2018 to 31 December 2019

1. REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS (Continued)

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall has steadily increased and in October 2020 was averaging 40% below 2019 levels, with cumulative footfall since reopening approximately 60% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

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

As the impact of the pandemic on retailers, consumers and communities cannot easily be assessed at this stage, the Directors are uncertain what changes this may have on the Company's business activities in the short and longer-term. Further details of the impact of Covid-19 on the current and future operating activities of the business are set out in the post balance sheet events note 16 to the financial statements.

3. RESULTS AND DIVIDENDS

The loss for the period after tax was £3,525 (2018: £nil). The Directors did not recommend the payment of a dividend for the period (2018: £nil).

As at 31 December 2019, the Company had net assets of £12,475 (2018: £16,000) and net current assets of £833 (2019: £575).

4 DIRECTORS

- (a) Mr. W.S. Austin, Mr. M.R. Bourgeois, Mr. J.M. Duxbury, Mr. P.J. Riley, Mr. S.C. Travis and Mr. K.N. Williams were Directors of the Company throughout the period and were in office at the date of approval of this report, unless otherwise stated below.
- (b) Mr. K.N. Williams resigned as a Director of the Company on 26 February 2020.
- (c) Mr. R.C. Mogford was appointed as a Director of the Company on 26 February 2020 and resigned as a Director of the Company on 18 December 2020.
- (d) Mr V. Yagnik was appointed as a Director of the Company on 18 December 2020 and was in office at the date of approval of this report.
- (e) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (f) No Director has any interests in contracts entered into by the Company.

HIGHCROSS LEICESTER (GP) LIMITED

DIRECTORS' REPORT (CONTINUED)

For the period from 29 November 2018 to 31 December 2019

5. SECRETARY

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

6. GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2019 and having taken into account the existing and anticipated effects of Covid-19, have concluded that it was appropriate. However, there is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. More detail on the review performed, conclusions reached and the mitigating actions is provided in note 1(b) to the financial statements.

7. INDEMNITY

The Company's ultimate parent companies are Hammerson plc and M&G Plc. Hammerson plc has put in place qualifying third party indemnity provisions for the benefit of its respective directors of the Company, which were in place throughout the period and remain in place at the date of approval of this report. Similarly, M&G Plc have put in place directors and officers insurance policies, which were in place throughout the period and remain in place at the date of approval of this report.

8. INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP 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 period. 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:

HIGHCROSS LEICESTER (GP) LIMITED

DIRECTORS' REPORT (CONTINUED)

For the period from 29 November 2018 to 31 December 2019

9. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONTINUED)

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

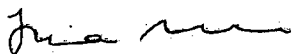
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

10. DISCLOSURE OF INFORMATION TO AUDITORS

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

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

By order of the Board



J. Crane
For and on behalf of
Hammerson Company Secretarial Limited
acting as Secretary
Date: 21 December 2020

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

HIGHCROSS LEICESTER (GP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIGHCROSS LEICESTER (GP) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Highcross Leicester (GP) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss and cash flows for the 13 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the cash flow statement, and the statement of changes in equity for the 13 month period 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1(b) to the financial statements concerning the company's ability to continue as a going concern. The company is part of a joint venture structure, whose primary trading entity is Highcross Shopping Centre Limited ("HSCL"). The HSCL financial statements for the period ended 31 December 2019 disclosed a material uncertainty stating there are circumstances which may cast significant doubt about HSCL's ability to continue as a going concern. Due to the interconnectivity of the company with HSCL, via a chain of intercompany balances within the joint venture structure, the solvency of the company is inextricably linked with that of HSCL. Accordingly if HSCL is unable to meet its liabilities as they fall due for 12 months from the date of signing its financial statements, the company will likewise be unable to do so. These conditions, along with the other matters explained in note 1(b) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

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.

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.

HIGHCROSS LEICESTER (GP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIGHCROSS LEICESTER (GP) LIMITED (CONTINUED)

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

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

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

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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.

HIGHCROSS LEICESTER (GP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIGHCROSS LEICESTER (GP) LIMITED (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

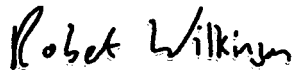
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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



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

HIGHCROSS LEICESTER (GP) LIMITED**STATEMENT OF COMPREHENSIVE INCOME****For the period from 29 November 2018 to 31 December 2019**

		Period from 29 November 2018 to 31 December 2019 £	Period from 1 January 2018 to 28 November 2018 £
	Note		
Other net losses and operating loss	3	(3,783)	-
Investment income	4	462	-
Loss on ordinary activities before net finance costs		(3,321)	-
Net finance costs	5	(204)	-
Loss before taxation		(3,525)	-
Taxation	6	-	-
Loss after taxation and total comprehensive expense for the financial period		(3,525)	-

HIGHCROSS LEICESTER (GP) LIMITED**BALANCE SHEET****As at 31 December 2019**

	Note	31 December 2019	28 November 2018
		£	£
Non-current assets			
Investments	7	11,642	15,425
Current assets			
Receivables	8	8,156,943	8,000
Cash at bank		<u>147</u>	<u>-</u>
		8,157,090	8,000
Current liabilities			
Payables	9	<u>(8,156,257)</u>	<u>(7,425)</u>
Net current assets		<u>833</u>	<u>575</u>
Net assets		<u>12,475</u>	<u>16,000</u>
Capital and reserves			
Called up share capital	10	16,000	16,000
Accumulated losses	12	<u>(3,525)</u>	<u>-</u>
Total equity		<u>12,475</u>	<u>16,000</u>

The financial statements were authorised for issue by the Board of Directors on 21 December 2020 and were signed on its behalf.

**W.S. Austin**

Director

Registered number: 10530428

HIGHCROSS LEICESTER (GP) LIMITED**STATEMENT OF CHANGES IN EQUITY****For the period from 29 November 2018 to 31 December 2019**

	Called up share capital £	Accumulated losses £	Total equity £
At 1 January 2018	1	-	1
Issue of shares (note 10)	<u>15,999</u>	<u>-</u>	<u>15,999</u>
At 28 November 2018	16,000	-	16,000
Loss and total comprehensive expense for the period	<u>-</u>	<u>(3,525)</u>	<u>(3,525)</u>
At 31 December 2019	<u>16,000</u>	<u>(3,525)</u>	<u>12,475</u>

HIGHCROSS LEICESTER (GP) LIMITED**CASH FLOW STATEMENT****For the period from 29 November 2018 to 31 December 2019**

	Period from 29 November 2018 to 31 December 2019 £	Period from 1 January 2018 to 28 November 2018 £
<i>Operating activities</i>		
Operating loss	(3,783)	-
Increase in receivables	(8,148,943)	-
Increase in payables	8,148,832	-
Non-cash items	3,783	-
	<hr/>	<hr/>
Cash generated from operations	(111)	-
Interest paid	(204)	-
	<hr/>	<hr/>
Cash flows from operating activities	(315)	-
<i>Financing activities</i>		
Investment income	462	-
	<hr/>	<hr/>
Cash flows from financing activities	462	-
	<hr/>	<hr/>
Increase in cash and deposits in the period	147	-
Opening cash and deposits	-	-
	<hr/>	<hr/>
Closing cash and deposits	147	-
	<hr/>	<hr/>

HIGHCROSS LEICESTER (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period from 29 November 2018 to 31 December 2019

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

Basis of preparation

Highcross Leicester (GP) Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act. 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.

Highcross Leicester Limited Partnership (the "Partnership") meets the definition of a subsidiary undertaking because the limited partnership is controlled by Highcross Leicester (GP) Limited, the General Partner, which forms part of the group. 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 99.995%) accounted for as a minority interest. As such consolidated financial statements have not been prepared as a result of the Company's investment in Highcross Leicester 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 M&G Plc and is equity accounted into the group financial statements of both entities both of which are publicly available (see note 15).

The presentation currency used is sterling and amounts have been presented to the nearest pound. The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

(b) Going concern

The Directors have assessed the existing and expected future effects 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 sheets event note 16 to the financial statements.

In considering going concern, the Directors note that the Company has net current assets of £833. In assessing the ability of the Company to meet its liabilities as they fall due, the Directors note that the only payable relates to amounts due to Highcross Shopping Centre Limited, totalling £8,156,257 as detailed in note 9.

HIGHCROSS LEICESTER (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period from 29 November 2018 to 31 December 2019

1. ACCOUNTING POLICIES (Continued)

(b) Going concern (Continued)

The Directors note the material uncertainty surrounding the going concern basis of preparation of the financial statements for the period ended 31 December 2019, signed on the same day as the Company's financial statements, of a fellow group undertaking, Highcross Shopping Centre Limited, due to potential breaches of loan covenants relating to the secured debt against the Highcross Shopping Centre within twelve months of the signing of its financial statements. The Directors note that the Company is not a Party to the Highcross Shopping Centre Limited financing arrangement, which is restricted to Highcross Shopping Centre Limited as "Borrower" and Highcross Residential (Nominees 1) Limited and Highcross Residential (Nominees 2) Limited as the "Guarantors".

Whilst the Company is not party to the loan agreement, it does have intercompany balances with other entities within the Highcross group structure as detailed in notes 8 and 9 to the financial statements. The chain of intercompany balances between the Highcross group entities is such that, were Highcross Shopping Centre Limited be unable to meet its liabilities as they fall due for 12 months from the date of signing its financial statements, the Company would also be unable to meet its liabilities as they fall due for 12 months from the date of signing these financial statements.

Mitigating actions

Notwithstanding the above, the Directors have considered what further mitigating actions are available to them and taken these into consideration when assessing whether the going concern basis of preparation remains appropriate. The Directors do not expect Highcross Shopping Centre Limited to seek repayment of its intercompany balances for a period of at least twelve months from the date of signing these financial statements if this would result in the Company being unable to meet its liabilities as they fall due. In the event that repayment was sought, the Directors of the General Partner expect that the joint venture partners may inject further capital to ensure the Company could meet its liabilities. However, at the date of signing these financial statements, any potential additional capital injections from the joint venture Partners are unsecured.

Conclusion

The Directors do not expect that Highcross Shopping Centre Limited will be unable to meet its liabilities as they fall due within 12 months from the date of its financial statements, and hence will not seek repayment of the amounts due from the Company in that period. Nonetheless, if such an eventuality did occur, and the mitigating actions set out previously were unable to be achieved, the intercompany chain in the Group is such that the Company would be unable to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. These conditions, along with the other matters explained above, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. This material uncertainty is referenced in the Independent Auditors' report.

Notwithstanding this material uncertainty, taking account of all the factors explained in this statement, the Directors have formed the judgement that it is appropriate to prepare the Company's financial statements for the period ended 31 December 2019 on the going concern basis.

HIGHCROSS LEICESTER (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period from 29 November 2018 to 31 December 2019

1. ACCOUNTING POLICIES (Continued)

(c) Investment income

Investment income represents the Partnership's share of the profit distributions receivable from Highcross Leicester Limited Partnership.

(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 and is included within the statement of comprehensive income.

(e) Investments

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

(f) 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.

(g) 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.

(h) 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.

HIGHCROSS LEICESTER (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 29 November 2018 to 31 December 2019

1. ACCOUNTING POLICIES (Continued)

(i) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets and liabilities are subsequently carried at amortised cost using the effective interest method.

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

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

(i) Critical accounting policies and estimation uncertainties

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

The Company's critical judgement and area of estimation uncertainty is in respect of the valuation of investments. The Company's investments comprise its investment in The Highcross Leicester Limited Partnership (the "Partnership"), which is carried in the balance sheet at historical cost less provision for impairment, and which is valued by the Directors based upon the net assets of the Partnership and its underlying subsidiaries in which the Company invests. The principal asset of the underlying subsidiaries of the Partnership is its investment properties which are valued six monthly by professional qualified external valuers. The Directors must ensure they are satisfied that the Company's investment in the Partnership is appropriate for the financial statements. The basis of valuation of the Partnership's investment properties is set out in the notes to the financial statements of the subsidiaries of the Partnership.

HIGHCROSS LEICESTER (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 29 November 2018 to 31 December 2019

2. ADMINISTRATIVE EXPENSES

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

The Directors did not receive any remuneration for their services from the Company in the period (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 period.

Another group company has paid the auditors' fees for the audit of the Company's annual financial statements for the current and preceding period. Fees for the audit of the Company were £3,090 (2018: £1,530).

3. OTHER NET LOSSES

	Period from 29 November 2018 to 31 December 2019 £	Period from 1 January 2018 to 28 November 2018 £
Increase in impairment of investment in Highcross Leicester Limited Partnership - note 7	<u>(3,783)</u>	<u>-</u>

4. INVESTMENT INCOME

	Period from 29 November 2018 to 31 December 2019 £	Period from 1 January 2018 to 28 November 2018 £
Distribution receivable from Highcross Leicester Limited Partnership	<u>462</u>	<u>-</u>

Since the balance sheet date, the Directors of the General Partner concluded that the distributions paid from the Highcross Leicester Limited Partnership were not paid in accordance with the Limited Partnership Agreement. The Directors of the General Partner sought and followed legal advice on this matter, and on 18 December 2020, the Partners and the Directors of the General Partner entered into a deed of waiver and release such that each Partner and the Partnership waived and released each other in relation to any liability any of them may have in respect of the Partnership distributions. As the remedying actions were agreed and actioned after the balance sheet date, this is a non adjusting post balance sheet event.

HIGHCROSS LEICESTER (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 29 November 2018 to 31 December 2019

5. NET FINANCE COSTS

	Period from 29 November 2018 to 31 December 2019 £	Period from 1 January 2018 to 28 November 2018 £
Other interest payable	(204)	-

6. TAXATION

(a) Tax charge

	Period from 29 November 2018 to 31 December 2019 £	Period from 1 January 2018 to 28 November 2018 £
UK corporation tax	-	-

(b) Factors affecting total tax charge

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

	Period from 29 November 2018 to 31 December 2019 £	Period from 1 January 2018 to 28 November 2018 £
Loss on ordinary activities before tax	(3,525)	-
Loss at corporation tax rate of 19% (2018: 19%)	(670)	-
Effects of:		
Distributions from fixed asset investments	(88)	-
Impairment of investments	719	-
Unrecognised tax losses carried forward	39	-
Total tax charge	-	-

HIGHCROSS LEICESTER (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the period from 29 November 2018 to 31 December 2019

7. INVESTMENTS

	Cost £	Impairment provision £	Carrying value £
At 1 January 2018	-	-	-
Additions at cost	15,425	-	15,425
At 28 November 2018	15,425	-	15,425
Movement in impairment provision – note 3	-	(3,783)	(3,783)
At 31 December 2019	15,425	(3,783)	11,642

On 28 November 2018, the Company acquired a 0.005% interest in Highcross Leicester Limited Partnership (the "Partnership"). The Partnership is registered in England and Wales and indirectly holds for investment the investment property, Highcross Shopping Centre in Leicester, via its 100% investment in Highcross Leicester Holdings Limited, which in turn owns 100% of Highcross Shopping Centre Limited. The Partnership has the same registered office as Hammerson plc as detailed in note 15.

8. RECEIVABLES: CURRENT ASSETS

	31 December 2019 £	28 November 2018 £
Amounts owed by Highcross Leicester Limited Partnership	8,140,987	-
Amounts owed by M&G Limited (see note 10)	8,000	8,000
Amounts owed by Hammerson UK Properties plc	7,956	-
	8,156,943	8,000

All amounts shown under receivables fall due for payment within one year and are repayable on demand. The amounts owed by Highcross Leicester Limited, M&G Limited and Hammerson UK properties are non-interest bearing and payable on demand. All amounts are unsecured.

9. PAYABLES: CURRENT LIABILITIES

	31 December 2019 £	28 November 2018 £
Amounts owed to Highcross Shopping Centre Limited	8,156,257	-
Amounts owed to Hammerson UK Properties plc	-	7,425
	8,156,257	7,425

All amounts owed to Highcross Shopping Centre Limited and Hammerson UK properties plc are non-interest bearing and payable on demand. All amounts are unsecured.

HIGHCROSS LEICESTER (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 29 November 2018 to 31 December 2019

10. CALLED UP SHARE CAPITAL

	31 December 2019 £	28 November 2018 £
Allotted, called up and fully paid:		
16,000 ordinary shares of £1 each	<u>16,000</u>	<u>16,000</u>

On 31 July 2018, 7,999 ordinary shares were issued to Hammerson UK Properties plc at par. On 28 November 2018, a further 8,000 ordinary shares were issued to M&G Limited at par, payment for which remains outstanding (see note 8).

11. FINANCIAL INSTRUMENTS

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

	31 December 2019 £	28 November 2018 £
Financial assets		
<i>Measured at amortised cost:</i>		
Amounts owed by Highcross Leicester Limited Partnership	8,140,987	-
Amounts owed by M&G Limited	8,000	8,000
Amounts owed by Hammerson UK Properties plc	<u>7,956</u>	<u>-</u>
	<u>8,156,943</u>	<u>8,000</u>
Financial liabilities		
<i>Measured at amortised cost:</i>		
Amounts owed to Highcross Shopping Centre Limited	8,156,257	-
Amounts owed to Hammerson UK Properties plc	<u>-</u>	<u>7,425</u>
	<u>8,156,257</u>	<u>7,425</u>

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

	Period from 29 November 2018 to 31 December 2019 £	Period from 1 January 2018 to 28 November 2018 £
Net finance costs (see note 5)	<u>204</u>	<u>-</u>

HIGHCROSS LEICESTER (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 29 November 2018 to 31 December 2019

12. 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

13. 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 period.

14. RELATED PARTY DISCLOSURE

Other than disclosed in notes 2, 3, 4, 7, 8 and 9 there were no material related party transactions during the period.

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

Related party	Relationship
Hammerson UK Properties plc	Immediate parent company
M&G Limited	Immediate parent company
Highcross Shopping Centre Limited	Fellow group undertaking
Highcross Leicester Limited Partnership	Fellow group undertaking

15. ULTIMATE PARENT COMPANIES AND CONTROLLING PARTIES

At 31 December 2019, Hammerson UK Properties plc and M&G Limited each had a 50% interest in the Company.

The ultimate controlling parties are Hammerson plc and M&G plc registered in England and Wales.

The consolidated financial statements of the ultimate controlling parties are available from:

Hammerson plc The Company Secretarial Department Kings Place 90 York Way London N1 9GE	M&G plc 10 Fenchurch Avenue London EC3M 5AG
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HIGHCROSS LEICESTER (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 29 November 2018 to 31 December 2019

16. POST BALANCE SHEET EVENTS

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

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.

The carrying value of the Company's investment is linked to the underlying value of the Partnership, which in turn is impacted by the performance of its 100% indirect investment in Highcross Shopping Centre Limited. Highcross Shopping Centre Limited has been affected by the recent Covid-19 pandemic, as a result of which, on 23 March 2020 the Company's investment property was closed and subsequently reopened on 15 June 2020, having complied with Government safeguarding restrictions. The Government subsequently announced an additional local lockdown within Leicester from 30 June to 27 July 2020. A further national lockdown period was also introduced from 3 November to 2 December 2020. Only retailers providing essential services and supplies continued to trade during the lockdown periods.

This unprecedented situation has had a significant impact on the business of Highcross Shopping Centre Limited, with reduced cash collections of rent and service charges. As at the date of signing these financial statements, approximately 95% of the Q1 rent and service charges had been collected, together with approximately 45% of the Q2 and Q3 demands.

During the lockdown periods it was essential to ensure the property was operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores. The cost reductions enabled the Company to reduce its service charge demands to tenants for the 24 June quarter day by approximately 43% compared with the prior quarter.

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall has steadily increased and in October 2020 was averaging 40% below 2019 levels, with cumulative footfall since reopening approximately 60% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

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

HIGHCROSS LEICESTER (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period from 29 November 2018 to 31 December 2019

16. POST BALANCE SHEET EVENTS (Continued)

It is anticipated that net rental income levels for Highcross Shopping Centre Limited in 2020 will be materially lower than the prior period, and the valuation of the Highcross Shopping Centre may reduce, which would indirectly result in a further impairment provision against the Company's investment in the Partnership in 2020. It is not currently possible to quantify the financial effects of these changes.

Partnership registration: **LP019835**

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

Period from 5 November 2018 to 31 December 2019

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER

Period from 5 November 2018 to 31 December 2019

Highcross Leicester (GP) Limited (the "General Partner") submits its report and the audited financial statements for Highcross Leicester Limited Partnership (the "Partnership") for the period from 5 November 2018 to 31 December 2019. The Partnership is a qualifying partnership.

The Report of the General Partner has been prepared in accordance with the provisions applicable to the small partnership regime and consequently no Strategic Report has been prepared.

1. FORMATION

The Partnership was formed in England and Wales as a qualifying partnership on 5 November 2018, and subsequently acquired the entire share capital of Highcross Leicester Holdings Limited, resulting in the indirect ownership of Highcross Shopping Centre Limited. This is the first period for which financial statements are prepared and therefore no comparative figures are shown.

2. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Partnership is property investment and development in the United Kingdom. The Partnership indirectly owns Highcross Shopping Centre via its 100% investment in Highcross Leicester Holdings Limited, which it acquired on 18 November 2018.

Hammerson UK Properties plc and The Norinchukin Bank are the Limited Partners of the Partnership, each owning 49.9975%, with the General Partner owning the remaining 0.005%. The General Partner does not anticipate any significant change in the principal activity of the Partnership in the foreseeable future.

Performance during the period

The Partnership impaired its investment in Highcross Leicester Holdings Limited by £77,135,000 during the period. Administrative expenses of £5,000 were incurred during the period. Investment income of £9,250,000 (2018: £nil) was received relating to dividends from Highcross Leicester Holdings Limited and the Partnership paid a distribution to its Partners of £9,250,000. See note 14(a) for further details.

Future prospects

The carrying value of the Partnership's investment is linked to its indirect ownership of Highcross Shopping Centre Limited, which has been affected by the recent Covid-19 pandemic, as a result of which, on 23 March 2020, the Company's investment property was closed and subsequently reopened on 15 June 2020, having complied with Government safeguarding restrictions. The Government subsequently announced an additional local lockdown within Leicester from 30 June to 27 July 2020. A further national lockdown period was also introduced from 3 November to 2 December 2020. Only retailers providing essential services and supplies continued to trade during the lockdown periods.

This unprecedented situation has had a significant impact on the business of Highcross Shopping Centre Limited, with reduced cash collections of rent and service charges. As at the date of signing these financial statements, approximately 95% of the Q1 rent and service charges had been collected, together with approximately 45% of the Q2 and Q3 demands.

During the lockdown periods it was essential to ensure the property was operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores. The cost reductions enabled the Company to reduce its service charge demands to tenants for the 24 June quarter day by approximately 43% compared with the prior quarter.

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED)

Period from 5 November 2018 to 31 December 2019

2. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS (Continued)

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall has steadily increased and in October 2020 was averaging 40% below 2019 levels, with cumulative footfall since reopening approximately 60% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

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

As the impact of the pandemic on retailers, consumers and communities cannot easily be assessed at this stage, the Partners are uncertain what changes this may have on the Partnership's business activities in the short and longer-term. Further details of the impact of Covid-19 on the current and future operating activities of the business are set out in the post balance sheet events note 14(b) to the financial statements.

3. RESULTS AND DISTRIBUTION

The loss for the period before partners' interests was £67,890,000. Distributions of £9,250,000 were made during the period. See note 14(a) for further details.

At 31 December 2019, the Partnership had net assets of £232,839,000 and net current liabilities of £141,000.

4. DIRECTORS OF THE GENERAL PARTNER

- (a) Mr. W.S. Austin was a Director of the General Partner throughout the period and was in office at the date of approval of this report.
- (b) Mr. A.J. Berger-North, Mr. P.W.B. Cole and Mr. P.F. Cooper resigned as Directors of the General Partner on 28 November 2018.
- (c) Mr. M.R. Bourgeois, Mr. J.M. Duxbury, Mr. P.J. Riley and Mr. S.C. Travis were appointed as Directors of the General Partner on 28 November 2018 and were in office at the date of approval of this report.
- (d) Mr. K.N. Williams was appointed as a Director of the General Partner on 28 November 2018 and resigned as a Director of the General Partner on 26 February 2020.
- (e) Mr. R.C. Mogford was appointed as a Director of the General Partner on 26 February 2020 and resigned as a Director of the General Partner on 18 December 2020.

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED)

Period from 5 November 2018 to 31 December 2019

4. DIRECTORS OF THE GENERAL PARTNER (Continued)

- (f) Mr. V. Yagnik was appointed as a Director of the General Partner on 18 December 2020 and was in office at the date of approval of this report.
- (g) In accordance with the Articles of Association of the General Partner, the Directors are not required to retire by rotation.
- (h) No Director has any interests in contracts entered into by the General Partner.

5. INDEMNITY

The General Partner's ultimate parent companies are Hammerson plc and M&G Plc. Hammerson plc has put in place qualifying third party indemnity provisions for the benefit of its respective directors of the General Partner, which were in place throughout the period and remain in place at the date of approval of this report. Similarly, M&G Plc have put in place directors and officers insurance policies, which were in place throughout the period and 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 2019 and having taken into account the existing and anticipated effects of Covid-19, have concluded that it was appropriate. However, there is a material uncertainty which may cast significant doubt about the Partnership's ability to continue as a going concern. More detail on the review performed, conclusions reached and the mitigating actions is provided in note 1(b) to the financial statements.

7. INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP were appointed as auditors of the Partnership during the period and 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 qualifying partnerships, the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the qualifying partnership and of the profit or loss of the qualifying partnership for that period. In preparing the financial statements, the General Partner is required to:

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED)

Period from 5 November 2018 to 31 December 2019

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the qualifying partnership will continue in business.

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

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

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 Highcross Leicester (GP) Limited, General Partner, and signed on its behalf:



W.S. Austin
Director
Date: 21 December 2020



S.C. Travis
Director
Date: 21 December 2020

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF HIGHCROSS LEICESTER LIMITED PARTNERSHIP

Report on the audit of the financial statements

Opinion

In our opinion, Highcross Leicester Limited Partnership's financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2019 and of its loss for the 14 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, and the statement of changes in equity for the 14 month period 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 qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1(b) to the financial statements concerning the qualifying partnership's ability to continue as a going concern. The qualifying partnership is part of a joint venture structure, whose primary trading entity is Highcross Shopping Centre Limited ("HSCL"). The HSCL financial statements for the period ended 31 December 2019 disclosed a material uncertainty stating there are circumstances which may cast significant doubt about HSCL's ability to continue as a going concern. Due to the interconnectivity of the qualifying partnership with HSCL, via a chain of intercompany balances within the joint venture structure, the solvency of the qualifying partnership is inextricably linked with that of HSCL. Accordingly if HSCL is unable to meet its liabilities as they fall due for 12 months from the date of signing its financial statements, the qualifying partnership will likewise be unable to do so. These conditions, along with the other matters explained in note 1(b) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the qualifying partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the qualifying partnership was unable to continue as a going concern.

Reporting on other information

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

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

With respect to the 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.

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF HIGHCROSS LEICESTER LIMITED PARTNERSHIP (CONTINUED)

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

Report of the General Partner

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the General Partner for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The general partner is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF HIGHCROSS LEICESTER LIMITED PARTNERSHIP (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

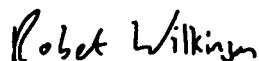
Under the Companies Act 2006 as applied to qualifying partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the qualifying partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of 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.

Entitlement to exemptions

Under the Companies Act 2006 as applied to qualifying partnerships we are required to report to you if, in our opinion, the General Partner were not entitled to: take advantage of the small companies exemption in preparing the Report of the General Partner; 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
21 December 2020

HIGHCROSS LEICESTER LIMITED PARTNERSHIP**STATEMENT OF COMPREHENSIVE INCOME**
Period from 5 November 2018 to 31 December 2019

	Note	Period from 5 November 2018 to 31 December 2019 £000
Administrative expenses	3	(5)
Other net losses	4	<u>(77,135)</u>
Operating losses		(77,140)
Investment income	5	<u>9,250</u>
Loss and total comprehensive expense for the financial period before partners' interests		<u>(67,890)</u>

All amounts relate to continuing activities.

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

BALANCE SHEET

As at 31 December 2019

	Note	2019 £'000	£'000
Non-current assets			
Investments	6		232,980
Current assets			
Receivables	7	8,062	
Current liabilities			
Payables	8	<u>(8,203)</u>	
Net current liabilities			<u>(141)</u>
Total assets less current liabilities			<u>232,839</u>
Net assets			<u>232,839</u>
Represented by:			
Partners' equity			
Partners' capital accounts	9		309,979
Partners' current accounts	9		<u>(77,140)</u>
Total Partners' equity			<u>232,839</u>

The financial statements were authorised for issue by the Directors of the General Partner on 21 December 2020 and were signed on its behalf.



Director



Director

Partnership registration number: **LP019835**

HIGHCROSS LEICESTER LIMITED PARTNERSHIP**STATEMENT OF CHANGES IN EQUITY****Period from 5 November 2018 to 31 December 2019**

	Partners' capital accounts £'000	Partners' current accounts £'000	Total Partners' equity £'000
At 5 November 2018	-	-	-
Capital contribution – note 9	309,979	-	309,979
Loss and total comprehensive expense for the period	-	(67,890)	(67,890)
Distributions to partners	-	(9,250)	(9,250)
At 31 December 2019	309,979	(77,140)	232,839

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Period from 5 November 2018 to 31 December 2019

1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current period.

(a) Basis of accounting

Basis of preparation

Highcross Leicester Limited Partnership (the "Partnership") is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships and Unlimited Companies (Accounts) Regulations 2008 (SI 2008/569) require certain qualifying partnerships to prepare and have audited financial statements as required for a company by the Companies Act 2006. The nature of the Partnership's operations and its principal activities are set out on page 1. The Partnership's place of business 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 the Companies Act 2006 as applicable to qualifying partnerships and 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. 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, M&G plc and The Norinchukin Bank and is equity accounted into the group financial statements of these entities which are publicly available (see note 13). The Partnership has therefore taken the exemption from the preparation of consolidated financial statements.

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

(b) Going concern

The Directors of the General Partner have assessed the existing and expected future effects of the Covid-19 pandemic on the Partnership's activities and the appropriateness of the use of the going concern basis. An outline of the current effects of the pandemic on the business is included in the post balance sheets event note 14(b) to the financial statements.

In considering going concern, the Directors of the General Partner note that the Partnership has net current liabilities of £141,000. This predominantly relates to balances due to the General Partner, Highcross Leicester (GP) Limited, and the Partnership's indirect subsidiary undertaking, Highcross Shopping Centre Limited, totalling £8,203,000 as detailed in note 8 to the financial statements.

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period from 5 November 2018 to 31 December 2019

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

The Directors of the General Partner note the material uncertainty surrounding the going concern basis of preparation of the financial statements for the period ended 31 December 2019, signed on the same day as the Partnership's financial statements, of its indirect subsidiary undertaking, Highcross Shopping Centre Limited, due to potential breaches of loan covenants relating to the secured debt against the Highcross Shopping Centre within twelve months of the signing of its financial statements. The Directors of the General Partner note that the Partnership is not a Party to the Highcross Shopping Centre Limited financing arrangement, which is restricted to Highcross Shopping Centre Limited as "Borrower" and Highcross Residential (Nominees 1) Limited and Highcross Residential (Nominees 2) Limited as the "Guarantors".

Whilst the Partnership is not party to the loan agreement, it does have intercompany balances with other entities within the Highcross group structure as detailed in notes 7 and 8 to the financial statements. The chain of intercompany balances between the Highcross group entities is such that, were Highcross Shopping Centre Limited be unable to meet its liabilities as they fall due for 12 months from the date of signing its financial statements, the Partnership would also be unable to meet its liabilities as they fall due for 12 months from the date of signing these financial statements.

Mitigating actions

Notwithstanding the above, the Directors of the General Partner have considered what further mitigating actions are available to them and taken these into consideration when assessing whether the going concern basis of preparation remains appropriate. The Directors of the General Partner do not expect Highcross Shopping Centre Limited to seek repayment of its intercompany balances for a period of at least twelve months from the date of signing these financial statements if this would result in the Partnership being unable to meet its liabilities as they fall due. In the event that repayment was sought, the Directors of the General Partner expect that the joint venture partners may inject further capital to ensure the Partnership could meet its liabilities. However, at the date of signing these financial statements, any potential additional capital injections from the joint venture Partners are unsecured.

Conclusion

The Directors of the General Partner do not expect that Highcross Shopping Centre Limited will be unable to meet its liabilities as they fall due within 12 months from the date of its financial statements, and hence will not seek repayment of the amounts due from the Partnership in that period. Nonetheless, if such an eventuality did occur, and the mitigating actions set out previously were unable to be achieved, the intercompany chain in the Group is such that the Partnership would be unable to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. These conditions, along with the other matters explained above, indicate the existence of a material uncertainty which may cast significant doubt about the Partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Partnership was unable to continue as a going concern. This material uncertainty is referenced in the Independent Auditors' report.

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period from 5 November 2018 to 31 December 2019

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

Notwithstanding this material uncertainty, taking account of all the factors explained in this statement, the Directors of the General Partner have formed the judgement that it is appropriate to prepare the Partnership's financial statements for the period ended 31 December 2019 on the going concern basis.

(c) Investment income

Investment income represents dividends receivable from Highcross Leicester Holdings Limited.

(d) Distributions

Distributions are allocated to the partners out of realised profits, excluding revaluation losses in accordance with the Partnership agreement. Distributions are recognised on an accruals basis and shown in the statement of changes in equity.

(e) Taxation

No provision has been made for taxation in the financial statements as partnership income and gains are taxed at the level of the Partners (where appropriate to do so) rather than that of the Partnership. The partners are individually responsible for reporting their share of partnership income / gains for taxation purposes.

(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 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.

simultaneously

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

liabilities are surrendered at amortised cost using the effective interest method.

Initially measured at transaction price (including transaction costs). Financial assets and liability to the contractual provisions of the instrument. All financial assets and liabilities are Financial assets and financial liabilities are recognised when the Partnership becomes a

(p) Financial instruments

the term of the borrowing at a constant return on the carrying value of the liability.

and that discounts and costs are charged to the statement of comprehensive income over and appropriate transaction costs. Surplus/borrowings are paid at amortised cost. Borrowings are recognised initially at fair value, after taking account of any discount on issue

(q) Borrowings

interest method, less any impairment

acquisition costs and are subsequently measured at amortised cost using the effective loans receivable are financial assets which are initially measured at fair value, plus

(r) Loans receivable

partnership income, gains for taxation purposes.

of the Partnership. The partners are individually responsible for reporting their share of and gains are taxed at the level of the Partners (where appropriate to do so) rather than that no provision has been made for taxation in the financial statements as partnership income

(s) Taxation

basis and shown in the statement of changes in equity

in accordance with the Partnership agreement. Distributions are recognised on an accruals basis. Distributions are allocated to the partners out of realised profits, excluding realisation losses

(t) Distributions

limited.

investment income represents dividends receivable from Highcross Leicester Holdings

(u) Investment income

December 2018 on the going concern basis.

appropriate to prepare the Partnership's financial statements for the period ended 31 statement, the Directors of the General Partner have formed the judgement that it is notwithstanding this material uncertainty, taking account of all the factors explained in this

(v) Going concern (continued)

4. ACCOUNTING POLICIES (continued)

Period from 2 November 2018 to 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period from 5 November 2018 to 31 December 2019

1. ACCOUNTING POLICIES (continued)

(h) Financial instruments (Continued)

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

(i) Critical accounting policies and estimation uncertainties

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

The Partnership's critical judgement and area of estimation uncertainty is in respect of the valuation of investments. The Partnership's investments are carried in the balance sheet at historical cost less provision for impairment, and valued by the Directors of the General Partner based upon the net assets of the entity in which the Partnership invests. The principal asset of the Partnership is its investment in Highcross Leicester Holdings Limited which wholly owns Highcross Shopping Centre Limited, an entity whose principal asset is an investment property, the Highcross Shopping Centre, which is valued six monthly by professionally qualified valuers. The Directors of the General Partner must ensure they are satisfied that the Partnership's investment in Highcross Leicester Holdings Limited is appropriate for the financial statements. The basis of valuation of the investment property held by Highcross Shopping Centre Limited is set out in the notes of the financial statements of that entity for the period ended 31 December 2019.

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period from 5 November 2018 to 31 December 2019

2. LIMITED PARTNERSHIP AGREEMENT ('The Agreement')

The Agreement dated 28 November 2018 states that the purpose of the Partnership is to carry out property investment and development.

At 31 December 2019, Hammerson UK Properties plc and The Norinchukin Bank, acting as the Limited Partners, had interests of 49.9975% each in the assets and liabilities of the Partnership. Highcross Leicester (GP) Limited holds the remaining 0.005% and also acts as the General Partner to the Partnership.

3. ADMINISTRATIVE EXPENSES

Period from
5 November 2018
to 31 December
2019
£'000

Other fees

(5)

The average number of employees during the period was nil.

The Directors of the General partner did not receive any remuneration for their services from the Partnership in the period, 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 the period.

Another group company has paid the auditors' fees for the audit of the Partnership's annual financial statements for the period. Fees for the audit of the Partnership were £7,030.

4. OTHER NET LOSSES

Period from
5 November 2018
to 31 December
2019
£'000

Increase in impairment provision on investment in Highcross
Leicester Holdings Limited – note 6

(77,135)

5. INVESTMENT INCOME

Period from
5 November 2018
to 31 December
2019
£'000

Dividend received from Highcross Leicester Holdings
Limited (note 14(a))

9,250

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period from 5 November 2018 to 31 December 2019

6. INVESTMENTS

Investment in group undertakings	Cost £'000	Impairment provision £'000	Carrying value £'000
At 5 November 2018	-	-	-
Additions at cost	310,115	-	310,115
Movement in impairment provision - note 4	-	(77,135)	(77,135)
At 31 December 2019	<u>310,115</u>	<u>(77,135)</u>	<u>232,980</u>

On 19 November 2018, the Partnership acquired 100% of the share capital of Highcross Leicester Holdings Limited from Hammerson UK Properties plc for £154,244,419, in return for capital in the partnership, as detailed in note 9, and then on the same day a further 154,260,844 ordinary shares of £1 each were issued by Highcross Leicester Holdings Limited to the Partnership, funded via the intercompany loan account which was subsequently capitalised. Associated fees totalled £135,975.

On 19 December 2019, Highcross Leicester Holdings Limited issued a further 1,473,724 ordinary shares of £1 at par to the Partnership.

The registered office for Highcross Leicester Holdings Limited is the same registered office as Hammerson plc, one of the ultimate parent companies referred to in note 13.

7. RECEIVABLES: CURRENT ASSETS

	2019 £'000
Amounts owed by Highcross Leicester Holdings Limited	7,767
Amounts owed by Hammerson UK Properties plc	<u>295</u>
	<u>8,062</u>

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 Highcross Leicester Holdings Limited and Hammerson UK Properties plc are non-interest bearing.

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period from 5 November 2018 to 31 December 2019

8. PAYABLES: CURRENT LIABILITIES

	2019 £'000
Amounts due to Highcross Leicester (GP) Limited	8,141
Amounts due to Highcross Shopping Centre Limited	<u>62</u>
	<u>8,203</u>

The amounts due to Highcross Leicester (GP) Limited and Highcross Shopping Centre Limited are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

9. PARTNERS' EQUITY

	2019 £000
Partners' capital accounts	
- Partners' capital	308,885
- Limited Partners' deferred capital	<u>1,094</u>
	309,979
Partners' current accounts	<u>(77,140)</u>
	<u>232,839</u>

The Partners' capital contribution of £308,885,000 is 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. Refer to note 6 to the financial statements regarding the funding of the partners' capital contribution.

The deferred capital contribution of £1,094,000 is provided equally by the two Limited Partners, as set out in note 2. Deferred capital is non-interest bearing and only repayable in the event of a sale or other disposal of the Partnership's investment in Highcross Leicester Holdings Limited, or that entity's sale or other disposal of its interest in the Highcross Shopping Centre, held via its 100% investment in Highcross Shopping Centre Limited, or, if the General Partner so determines, in the event of a refinancing of the Partnership, or on the winding-up of the Partnership.

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

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period from 5 November 2018 to 31 December 2019

10. FINANCIAL INSTRUMENTS

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

	2019 £'000
Financial assets	
<i>Measured at amortised cost</i>	
Amounts owed by Highcross Leicester Holdings Limited	7,767
Amounts owed by Hammerson UK Properties plc	295
	<hr/> 8,062
Financial liabilities	
<i>Measured at amortised cost</i>	
Amounts due to Highcross Leicester (GP) Limited	8,141
Amounts due to Highcross Shopping Centre Limited	62
	<hr/> 8,203

11. ADVANCES, CREDIT AND GUARANTEES

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

12. RELATED PARTIES

Other than disclosed in the statement of changes in equity and in notes 4, 5, 6, 7, 8 and 9 there were no material related party transactions during the period.

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

Related party	Relationship
Hammerson UK Properties plc	Limited Partner
The Norinchukin Bank	Limited Partner
Highcross Leicester (GP) Limited	General Partner
Highcross Leicester Holdings Limited	Direct subsidiary undertaking
Highcross Shopping Centre Limited	Indirect subsidiary undertaking

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period from 5 November 2018 to 31 December 2019

13. ULTIMATE CONTROLLING PARTIES

At 31 December 2019, Hammerson UK Properties plc, The Norinchukin Bank and Highcross Leicester (GP) Limited are the immediate controlling parties of the Partnership and their respective interests are shown in note 2.

The ultimate controlling parties are Hammerson plc, M&G plc and The Norinchukin Bank which are registered in England and Wales and overseas respectively.

The consolidated financial statements of the ultimate controlling parties are available from:

Hammerson plc The Company Secretarial Department Kings Place 90 York Way London N1 9GE	M&G plc 10 Fenchurch Avenue London EC3M 5AG	The Norinchukin Bank 13-2 1-Chome Yurakucho Chiyoda-Ku Tokyo 100 Japan
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14. POST BALANCE SHEET EVENTS

(a) Dividends

During the period, Highcross Shopping Centre Limited declared a dividend of £9,250,000 payable to its immediate parent company, Highcross Leicester Holdings Limited, which the Directors subsequently concluded was unlawful as the share capital of Highcross Shopping Centre Limited exceeded its net assets at the date of declaration. Highcross Leicester Holdings Limited in turn paid a dividend to the Partnership for the same amount. However, excluding the unlawful dividend received from Highcross Shopping Centre Limited, Highcross Leicester Holdings Limited would also have share capital in excess of its net assets at the date of declaration. Since the balance sheet date, Highcross Shopping Centre Limited declared an additional dividend of £3,773,000 to Highcross Leicester Holdings Limited, which in turn paid a further dividend to the Partnership for the same amount. These were also subsequently concluded to be unlawful. In order to remedy this, on 18 December 2020, Highcross Leicester Holdings Limited repaid all unlawful dividends, totalling £13,023,000, in full, settled through the intercompany account with Highcross Shopping Centre Limited. In turn, the Partnership repaid all unlawful dividends received from Highcross Leicester Holdings Limited, totalling £13,023,000, in full, settled through the intercompany account with Highcross Leicester Holdings Limited.

The Partnership's ability to pay distributions is not governed by the Companies Act, but is detailed within the Limited Partnership Agreement. The Directors of the General Partners note that, following the exclusion of the unlawful dividend, the Partnership did not have sufficient trading profits from which to pay a distribution. The Directors have sought and followed legal advice on this matter, and on 18 December 2020, the Partners and the Directors of the General Partner entered into a deed of waiver and release such that each Partner and the Partnership waived and released each other in relation to any liability any of them may have in respect of the Partnership Distributions.

The financial statements for the period ended 31 December 2019 have not been restated for the repayment of dividends received by the Partnership as this is a non-adjusting post balance sheet event, as remediation was both concluded and actioned after the balance sheet date. The Directors of the General Partner have sought and followed legal advice in relation to both dividends received and paid during the period and consider that this remedial action discharges the Partnership of any potential liability.

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period from 5 November 2018 to 31 December 2019

14. POST BALANCE SHEET EVENTS (Continued)

(b) Covid-19

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

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.

The carrying value of the Partnership's investment is based on the underlying value of its indirect investment in Highcross Shopping Centre Limited ("the Company"), which has been affected by the recent Covid-19 pandemic. As a result of the pandemic, on 23 March 2020, the Company's investment property was closed and subsequently reopened on 15 June 2020, having complied with Government safeguarding restrictions. The Government subsequently announced an additional local lockdown within Leicester from 30 June to 27 July 2020. A further national lockdown period was also introduced from 3 November to 2 December 2020. Only retailers providing essential services and supplies continued to trade during the lockdown periods.

This unprecedented situation has had a significant impact on the business of the Company, with reduced cash collections of rent and service charges. As at the date of signing these financial statements, approximately 95% of the Q1 rent and service charges had been collected, together with approximately 45% of the Q2 and Q3 demands.

During the lockdown periods it was essential to ensure the property was operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores. The cost reductions enabled the Company to reduce its service charge demands to tenants for the 24 June quarter day by approximately 43% compared with the prior quarter.

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall has steadily increased and in October 2020 was averaging 40% below 2019 levels, with cumulative footfall since reopening approximately 60% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

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

HIGHCROSS LEICESTER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period from 5 November 2018 to 31 December 2019

14. POST BALANCE SHEET EVENTS (Continued)

(b) Covid-19 (Continued)

The Directors of the General Partner anticipate that net rental income levels for Highcross Shopping Centre Limited in 2020 will be materially lower than the prior period, and the valuation of the Highcross Shopping Centre may reduce, which would result in a further impairment provision within Highcross Leicester Holdings Limited against its investment in Highcross Shopping Centre Limited in 2020, and in turn a corresponding impairment of the Partnership's investment in Highcross Leicester Holdings Limited. Dividends received from Highcross Shopping Centre, via Highcross Leicester Holdings Limited, are also likely to be lower. It is not currently possible to quantify the financial effects of these changes.