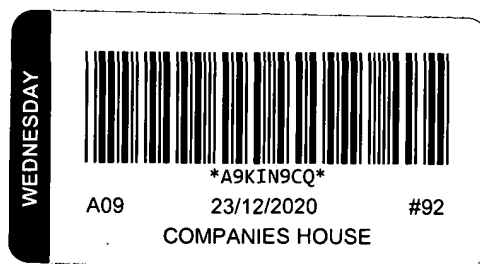


Registered Number: 00574728

HAMMERSON GROUP MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019



HAMMERSON GROUP MANAGEMENT LIMITED

DIRECTORS' REPORT

Year ended 31 December 2019

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activities of Hammerson Group Management Limited (the "Company") are the management and administration of the property investment and development activities of Hammerson plc and its subsidiaries in the United Kingdom and Ireland, together with co-ordination and provision of other business services for Hammerson plc and its group entities both in the UK and overseas. The Directors do not anticipate any significant change in the principal activities in the foreseeable future.

Further information relating to the business, its key risks and future prospects is provided in the Strategic Report on page 4, together with an assessment of the impact the Covid-19 pandemic has had on the business and how this may affect its activities in the future. Further details are also provided in the post balance sheet events note 16 to the financial statements.

2. RESULTS AND DIVIDENDS

The profit for the year after tax was £6,779,000 (2018: £7,268,000). The Directors do not recommend the payment of a dividend for the year (2018: £nil).

Net assets for the Company as at 31 December 2019 were £44,484,000 (2018: £37,526,000).

3. DIRECTORS

- (a) Mr. D.J. Atkins was a Director of the Company throughout the year and resigned as a Director of the Company on 2 November 2020.
- (b) Mr. P.W.B. Cole and Mr. N.T. Drakesmith resigned as Directors of the Company on 30 April 2019 and 1 October 2019 respectively.
- (c) Mr. M.R. Bourgeois and Mr. J.A. Lenton were appointed as Directors of the Company on 30 April 2019 and 30 October 2019 respectively and were in office at the date of approval of this report.
- (d) Mr. R.G. Shaw was appointed as a Director of the Company on 9 October 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.

4. SECRETARY

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

HAMMERSON GROUP MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2019

5. GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2019 and, having taken into account the existing and anticipated effects of Covid-19 and the letter of support received from Hammerson plc, its ultimate parent company, concluded that it was appropriate.

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

6. INDEMNITY

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

7. INDEPENDENT AUDITORS

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

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

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

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

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

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

HAMMERSON GROUP MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2019

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

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

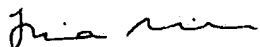
The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

9. DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that ought to have 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: 10 December 2020

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

HAMMERSON GROUP MANAGEMENT LIMITED

STRATEGIC REPORT

Year ended 31 December 2019

Review of the business

Performance during the year

During the year, the Company was engaged to administer and support the property activities of Hammerson plc and its group entities in the United Kingdom ("UK"), France and Ireland. The Company made an operating profit of £7,525,000 (2018: £7,221,000).

Future prospects

The Company will continue to administer and support the property activities of Hammerson plc and its group entities in the UK, France and Ireland. Hammerson plc has interests in a significant number of property owning subsidiary undertakings and joint ventures. These entities have been affected by the recent Covid-19 pandemic. In the UK, all shopping centres closed on 23 March and reopened on 15 June 2020, having complied with government safeguarding restrictions, with the exception of the Scottish assets which reopened on 13 July 2020. Since this date, some properties have been required to close temporarily, to comply with local lockdown requirements. A further lockdown period was also introduced in England from 3 November to 2 December 2020 and in Scotland from 20 November to 11 December 2020. Only retailers providing essential services and supplies continued to trade during the lockdown periods.

In France, the vast majority of stores were closed from 17 March 2020 under direction of the government. Three of the Group's centres reopened in mid-May, with the remaining centres opening at the start of June. A further national lockdown period was introduced from 30 October 2020, with only essential retail permitted to remain open. Shopping centres reopened on 28 November 2020, with the exception of cinemas and restaurants, which are expected to reopen on 15 December 2020 and 21 January 2021 respectively.

Apart from essential retail, tenants at the Group's Irish shopping centres had to close from 25 March until 15 June 2020 and again between 16 October and 2 December 2020.

This unprecedented situation has had a significant impact on these entities and the Directors are uncertain what changes this may have on Hammerson plc'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.

Key Performance Indicators

The Directors consider the following measures to be the key performance indicators ("KPI's") for the Company: fee income and profit on ordinary activities before taxation.

During 2019 the Company recognised fee income of £59,357,000 (2018: £54,333,000). The increase in fee income reflects an increase in net operating expenses incurred by the Company, principally associated with higher variable staff costs.

The profit on ordinary activities before taxation was £6,782,000 (2018: £7,370,000). The reduction is due to increased finance costs, primarily relating to adverse foreign exchange translation movements.

HAMMERSON GROUP MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

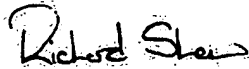
Year ended 31 December 2019

Principal risks

The key risk facing Hammerson plc relates to the Covid-19 pandemic and its impact on the operations of its group entities. As the Company incurs costs on behalf of fellow group companies and recharges these companies on a cost plus margin basis, it is not anticipated that the Covid-19 pandemic or external and economic conditions will have a significant impact on the Company.

A more comprehensive discussion of risks, risk management and KPIs is included in the 2019 Annual Report and the June 2020 half-year results announcement of Hammerson plc.

Signed on behalf of the Board of Directors



R.G. Shaw

Director

10 December 2020

HAMMERSON GROUP MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON GROUP MANAGEMENT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Hammerson Group Management 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

HAMMERSON GROUP MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON GROUP MANAGEMENT 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 Strategic Report and 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.

Strategic Report and Directors' Report

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

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

HAMMERSON GROUP MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON GROUP MANAGEMENT LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

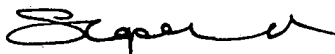
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sonia Copeland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 December 2020

HAMMERSON GROUP MANAGEMENT LIMITED

INCOME STATEMENT

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue		59,357	54,333
Other operating expenses (net)	2(a)	(51,832)	(47,112)
Operating profit		7,525	7,221
Net finance (costs)/income	4	(743)	149
Profit on ordinary activities before tax		6,782	7,370
Tax charge	5(a)	(3)	(102)
Profit for the year		<u>6,779</u>	<u>7,268</u>

All amounts relate to continuing activities.

HAMMERSON GROUP MANAGEMENT LIMITED

BALANCE SHEET

As at 31 December 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Non-current assets					
Fixtures, fittings and equipment	6		2,556		3,424
Right-of-use assets	1(a)		<u>7,538</u>		<u> </u>
Total non-current assets			10,094		3,424
Current assets					
Receivables	7	89,688		83,716	
Current liabilities					
Payables	8	<u>(15,497)</u>		<u>(13,007)</u>	
Net current assets			<u>74,191</u>		<u>70,709</u>
Total assets less current liabilities			84,285		74,133
Non-current liabilities					
Payables	9	(5,882)		(354)	
Pension liability	13(c)	<u>(33,919)</u>		<u>(36,253)</u>	
Total non-current liabilities			<u>(39,801)</u>		<u>(36,607)</u>
Net assets			<u>44,484</u>		<u>37,526</u>
Capital and reserves					
Called up share capital	10		17,000		17,000
Other reserves	11		7,384		9,069
Retained earnings	11		<u>20,100</u>		<u>11,457</u>
Total equity			<u>44,484</u>		<u>37,526</u>

The financial statements were authorised for issue by the Board of Directors on 10 December 2020 and were signed on its behalf.

Richard Shaw

R.G. Shaw
Director
Registered Number: 00574728

HAMMERSON GROUP MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 £'000	2018 £'000
Profit for the year	6,779	7,268
Items that may not subsequently be recycled through the income statement		
Net actuarial (losses)/gains on pension schemes (note 13(c))	(221)	782
Total comprehensive income for the year	6,558	8,050

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Called up share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 January 2018	17,000	11,008	1,645	29,653
Share-based employee remuneration (note 2(b))				
- performance related bonus payable in shares	-	82	-	82
- other employee share-based remuneration	-	2,860	-	2,860
Total share-based employee remuneration	-	2,942	-	2,942
Cost of shares awarded to employees	-	(3,305)	-	(3,305)
Transfer on award of own shares to employees	-	(1,576)	1,576	-
Proceeds on award of shares to employees	-	-	186	186
Net actuarial gains on pension schemes	-	-	782	782
Profit for the year	-	-	7,268	7,268
At 31 December 2018	17,000	9,069	11,457	37,526
Share-based employee remuneration (note 2(b))				
- performance related bonus payable in shares	-	581	-	581
- other employee share-based remuneration	-	2,024	-	2,024
Total share-based employee remuneration	-	2,605	-	2,605
Cost of shares awarded to employees	-	(2,337)	-	(2,337)
Transfer on award of own shares to employees	-	(1,953)	1,953	-
Proceeds on award of shares to employees	-	-	132	132
Net actuarial losses on pension schemes	-	-	(221)	(221)
Profit for the year	-	-	6,779	6,779
At 31 December 2019	17,000	7,384	20,100	44,484

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

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

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

Impact of new and revised Standards

IFRS 16 Leases

The standard requires lessees to recognise, for each lease, a right-of-use asset and related lease liability representing the obligation to make lease payments. Interest expense on the lease liability and depreciation on the right-of-use asset is recognised in the Company's statement of comprehensive income.

Included within the scope of the standard are the Company's current operating leases for its offices in London, Dublin and Reading, and other smaller operating leases, for example, equipment, which are considered to be immaterial to the Company.

The Company has applied the modified retrospective approach in adopting IFRS 16 to the office leases. This method includes the calculated lease liabilities and right-of-use assets being recognised in the balance sheet on the transition date of 1 January 2019, without the requirement to restate prior periods. Under the standard, the Company also has the option to set the balance of the right-of-use assets, on transition, at an amount equal to the lease liabilities. This option has been taken.

As detailed in the table below, right-of-use assets and lease liabilities of £9,584,000 were recognised in the balance sheet on the adoption of IFRS 16. For the year ended 31 December 2019, rents payable of £2,137,000 which would have been recognised under IAS 17 have been replaced with depreciation of £2,035,000 and interest on other leases of £192,000, under IFRS 16.

At 31 December 2019, the right-of-use assets of £7,538,000 are shown separately on the face of the balance sheet. Lease liabilities of £5,627,000 and £2,001,000 are included in non-current and current payables respectively, amounting in total to £7,628,000.

	Right-of-use assets £'000	Lease liabilities £'000
The effect of adopting IFRS 16 in 2019:		
On transition to IFRS 16 (1 January 2019)	9,584	(9,584)
- Rents payable	-	2,137
- Depreciation (other operating costs)	(2,035)	-
- Interest on other leases (net finance costs)	-	(192)
- Exchange	(11)	11
At 31 December 2019	7,538	(7,628)

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(a) Basis of accounting (continued)

Basis of preparation

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

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

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

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

Disclosure exemptions adopted

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

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirements for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information); and
 - 134 - 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- The requirements of paragraphs 45(b) and 46 to 52 IFRS 2 Shared-based Payment;
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(a) Basis of accounting (continued)

Disclosure exemptions adopted (continued)

- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. The financial statements of Hammerson plc are publically available and can be obtained as described in note 15.

(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 also note that the Company has net current assets and net assets, with no external borrowings or debt covenants. In addition, the Directors consider that the Company is an integral part of Hammerson plc's structure and strategy and this is evidenced by a letter of support received from Hammerson plc, which states its intent to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements.

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

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

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

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

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

(c) Foreign currency

Transactions in foreign currencies are translated into sterling at exchange rates approximating to the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date. The principal exchange rate used to translate foreign currency-denominated amounts in the balance sheet is the rate at the end of the year, £1=€1.180 (2018: £1=€1.115) and for the income statement is the average rate, £1=€1.163 (2018: £1=€1.131).

(d) Fixed assets

Fixtures, fittings and equipment are stated at cost less accumulated depreciation. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life, which is generally between three and five years, or in the case of leasehold improvements the lease term.

(e) Employee benefits:

Pension costs

For defined benefit schemes the amounts charged to the income statement are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income statement if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The net interest cost is shown as a net amount within net finance costs. Actuarial gains and losses are recognised immediately in other comprehensive income.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(e) Employee benefits (continued)

Pension costs (continued)

The main defined benefit scheme is funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented on the face of the balance sheet.

Separate from the main scheme, a single retired member has an unapproved unfunded arrangement. The relevant liabilities are calculated using consistent methodology and the same assumptions as that of the main scheme. A valuation is undertaken at each balance sheet date. The resulting defined benefit liability, net of the related deferred tax, is combined with the relevant figure of the main scheme.

Obligations for contributions to defined contribution pension plans are charged to the income statement as incurred.

Share-based employee remuneration

Share-based employee remuneration is determined with reference to the fair value of the equity instruments at the date at which they are granted and charged to the income statement within other operating expenses (see note 2(b)) over the vesting period on a straight-line basis. The fair value of share options is calculated using the binomial option pricing model and is dependent on factors including the exercise price, expected volatility, option life and risk-free interest rate. The fair value of the market-based element of the Long Term Incentive Plans ('LTIP') is calculated using the Monte Carlo Model and is dependent on factors including the expected volatility, vesting period and risk-free interest rate.

(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) Revenue

Revenue represents fee income charged, or chargeable to, group entities for the provision of management and other services and is recognised on an accruals basis.

(h) Net finance costs

Net finance costs include interest payable on borrowings, interest costs on pension schemes, foreign exchange movements and interest on other leases, net of interest receivable from related party undertakings entities and interest receivable on funds invested.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

- (i) Loans receivable
Loans receivable are financial assets which are initially measured at fair value, plus acquisition costs and are subsequently measured at amortised cost, using the effective interest method, less any impairment.
- (j) Borrowings
Borrowings are recognised initially at fair value, after taking account of any discount on issue and attributable transaction costs. Subsequently, borrowings are held at amortised cost, such that discounts and costs are charged to the statement of comprehensive income over the term of the borrowing at a constant return on the carrying value of the liability.
- (k) 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, including intercompany loans, are subsequently carried at amortised cost using the effective interest method, less loss allowance. Financial 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.

(l) 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 on-going 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.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

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

The Company's critical judgements and areas of estimation uncertainty are as follows:

(a) Pension schemes:

The Company operates two defined benefit pension schemes. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date by a qualified external actuary. The Directors ensure they are satisfied that the calculations and estimations in relation to the pension scheme are appropriate for the financial statements. Details of the Company's pension schemes are included in note 13.

(b) Share-based remuneration:

The Company operates a number of share plans under which certain employees receive remuneration in shares of the Company's ultimate parent company, Hammerson plc. The accounting for share-based employee remuneration is complex and is explained in note 1(e) above. The Directors must ensure that they are satisfied that fair value calculations and recognition bases are appropriate for the financial statements.

2. OTHER OPERATING EXPENSES (NET)

	2019	2018
(a) Other operating expenses (net)	£'000	£'000
Auditors' remuneration:		
Fees payable to Company's auditors for the audit of the Company's annual financial statements	8	5
Non-audit fees relating to other assurance services	-	25
Depreciation - fixtures, fitting and equipment (note 6)	1,085	1,059
Depreciation - right-of-use assets (note 1(a))	2,035	-
Staff costs (note 2(b))	34,393	31,160
Payment for loss of office	1,253	311
Other operating costs	14,009	15,464
Other operating income	(951)	(912)
	<u>51,832</u>	<u>47,112</u>

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

2. OTHER OPERATING EXPENSES (NET) (CONTINUED)

	2019 £'000	2018 £'000
(b) Staff costs (including Directors):		
Wages and salaries	21,605	20,693
Performance-related bonuses:		
- payable in cash	4,516	2,521
- payable in shares	581	82
	5,097	2,603
Other share-based remuneration	2,024	2,860
Social security	3,801	3,282
Net pension expense (note 13(a))	1,866	1,722
	<u>34,393</u>	<u>31,160</u>

(c) The average monthly number of employees (including Executive Directors) was:

	2019 Number	2018 Number
Administrative staff	<u>248</u>	<u>244</u>

3. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2019 £'000	2018 £'000 Restated*
Directors' remuneration		
Emoluments	<u>2,317</u>	<u>2,814</u>

Directors' emoluments relate to services performed for the Group as a whole, which are not apportioned directly to Hammerson plc subsidiaries. During the year ended 31 December 2019 no payments were made to Directors for expenses other than those incurred wholly and directly in the course of their employment.

Pensions

Mr. N. T. Drakesmith resigned as a Director of the Company on 1 October 2019. In accordance with his service agreement, he was entitled to receive an allowance ('Pension Choice') to be paid either (i) as an employer contribution to the Company's defined contribution pension plan or (ii) as an employer contribution to a self-invested personal pension ('SIPP') plan or (iii) as a salary supplement or (iv) a combination of all three, to a limit of 20% of his base salary. The pension supplement was non-pensionable and did not qualify for Annual Incentive Plan ('AIP') purposes or entitlements under the LTIP. Mr. N. T. Drakesmith elected for part of his Pension Choice to be paid into a SIPP and part as a salary supplement, subject to Income Tax and National Insurance contributions. The amount paid by the Company during the period from 1 January 2019 until the date of his resignation was £71,400 (2018: £93,050).

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

3. DIRECTORS' REMUNERATION AND TRANSACTIONS (CONTINUED)

Pensions (continued)

Mr. J. A. Lenton joined the Company on 16 September 2019 was appointed as a Director of the Company on 30 October 2019. In accordance with his service agreement, he was entitled to receive an allowance ('Pension Choice') to be paid either (i) as an employer contribution to the Company's defined contribution pension plan or (ii) as an employer contribution to a self-invested personal pension ('SIPP') plan or (iii) as a salary supplement or (iv) a combination of all three, to a limit of 14% of his base salary. The pension supplement was non-pensionable and did not qualify for Annual Incentive Plan ('AIP') purposes or entitlements under the LTIP. Mr. J. A. Lenton elected for part of his Pension Choice to be paid into a SIPP and part as a salary supplement, subject to Income Tax and National Insurance contributions. The amount paid by the Company from 16 September 2019 to 31 December 2019 was £17,600 (2018: £nil).

	2019 Number	2018 Number
The number of Directors who:		
Are members of a defined benefit pension scheme	1	2
	2019 £'000	2018 £'000 Restated*
Remuneration of the highest paid director:		
Emoluments	1,465	1,109

*The total emoluments for the year ended 31 December 2018 have been restated from £2,969,000 to £2,814,000 and the remuneration of the highest paid director has been restated from £1,155,000 to £1,109,000. These restatements reflect a difference between the estimated Total Property Return element of the AIP and the final payments as the actual value was determined after the 2018 financial statements were finalised. Further details are provided on page 106 of the 2019 Hammerson plc Annual Report.

The highest paid director in the current financial year was Mr. D.J. Atkins, who is a member of the Company's defined benefit pension scheme. His accrued pension entitlement at the end of 2019 was £2,216,000 (2018: £1,902,000). For the year ended 31 December 2019, Mr. D.J. Atkins received a cash supplement of £196,500 (2018: £191,700) in lieu of pension benefits. This supplement is subject to income tax and national insurance contributions and does not qualify for AIP purposes or entitlements under the LTIP.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

4. NET FINANCE (COSTS)/INCOME

	2019 £'000	2018 £'000
Net interest costs on pension scheme (note 13(c))	(1,000)	(979)
Foreign exchange translation loss	(493)	-
Interest on other leases (note 1(a))	(192)	-
Bank and other interest payable	(8)	(4)
	<u>(1,693)</u>	<u>(983)</u>
Finance costs	(1,693)	(983)
Interest receivable on amounts owed by ultimate parent company	950	859
Foreign exchange translation gain	-	273
	<u>(743)</u>	<u>149</u>

5. TAXATION

(a) Tax charge

	2019 £'000	2018 £'000
Current tax charge	<u>3</u>	<u>102</u>

(b) Factors affecting total tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax for the year, of 19% (2018: 19%). The differences are reconciled below:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	<u>6,782</u>	<u>7,370</u>
Profit at UK corporation tax rate of 19% (2018: 19%)	1,288	1,400
Effect of:		
Disallowable expenses	106	61
Timing differences	(376)	52
Group relief	(1,018)	(1,513)
Overseas tax (Ireland branch profits)	<u>3</u>	<u>102</u>
Total tax	<u>3</u>	<u>102</u>

(c) Deferred tax

At 31 December 2019 the Company had a potential deferred tax asset of £5,770,000 (2018: £6,163,000) relating to timing differences on pensions. This potential asset has not been recognised because of uncertainty over the availability of future suitable profits against which these deductions can be utilised

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

6. FIXTURES, FITTINGS AND EQUIPMENT

	Cost £'000	Depreciation £'000	Net book value £'000
At 1 January 2018	12,674	(8,651)	4,023
Additions	460	-	460
Disposals	(1,709)	1,709	-
Charge for the year	-	(1,059)	(1,059)
At 31 December 2018	11,425	(8,001)	3,424
Additions	217	-	217
Disposals	(840)	840	-
Charge for the year	-	(1,085)	(1,085)
At 31 December 2019	10,802	(8,246)	2,556

7. RECEIVABLES: CURRENT ASSETS

	2019 £'000	2018 £'000
Amounts owed by ultimate parent company	57,977	54,452
Amounts owed by fellow group undertakings	26,912	24,993
Other receivables and prepayments	4,799	4,271
	<u>89,688</u>	<u>83,716</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 the ultimate parent company are interest bearing at variable rates based on LIBOR. Amounts owed by fellow group undertakings are non-interest bearing.

8. PAYABLES: CURRENT LIABILITIES

	2019 £'000	2018 £'000
Lease liabilities (note 1(a))	2,001	-
Other payables	3,234	4,281
Accruals	9,639	7,786
Amounts owed to fellow group undertakings	623	940
	<u>15,497</u>	<u>13,007</u>

Amounts owed to fellow group undertakings are repayable on demand and are non-interest bearing. All amounts are unsecured.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

9. PAYABLES: NON-CURRENT LIABILITIES

	2019 £'000	2018 £'000
Lease liabilities (note 1(a))	5,627	-
Accruals	255	354
	<u>5,882</u>	<u>354</u>

10.. CALLED UP SHARE CAPITAL

	2019 £'000	2018 £'000
Authorised: 20,000,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid: 17,000,000 ordinary shares of £1 each	<u>17,000</u>	<u>17,000</u>

11. RESERVES

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

<u>Reserve</u>	<u>Description and purpose</u>
Other reserves	The cumulative amount of share-based payments recognised by the Company in return for services provided by its employees
Retained earnings	Cumulative profits and losses less any dividends paid

12. SHARE-BASED EMPLOYEE REMUNERATION

Staff throughout Hammerson plc, including Executive Directors, participate in a performance-related bonus plan. Hammerson plc also operates a number of share plans under which employees, including Executive Directors, are eligible to participate. Details of these plans, including general terms and conditions and method of entitlement (e.g. whether in cash or equity) are set out in the publically available 2019 Annual Report of the Company's ultimate parent company.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

12. SHARE-BASED EMPLOYEE REMUNERATION (CONTINUED)

At 31 December 2019, Hammerson plc had three share schemes in operation. The number and weighted average exercise price of share options which remain outstanding in respect of the Savings-Related Share Option Scheme are shown in the tables below, together with details of expiry periods and range of exercise price. The number of ordinary shares of Hammerson plc which remain outstanding in respect of the Restricted Share Plan and Long-Term Incentive Plan are shown, together with their year of grant.

	Savings-Related Share Option Scheme	Restricted Share Plan	Long-Term Incentive Plan
2019			
Share option			
- Number	541,480	-	-
- Year of expiry	2020 - 2025	-	-
- Weighted average exercise price	£3.57	-	-
- Exercise price (pence)	170.4 - 540.4	-	-
Ordinary shares of 25p each			
- Number	-	1,383,179	2,065,609
- Year of grant	-	2017 - 2019	2016 - 2019
2018			
Share option			
- Number	551,321	-	-
- Year of expiry	2019 - 2024	-	-
- Weighted average exercise price	£4.25	-	-
- Exercise price (pence)	356.64 - 540.4	-	-
Ordinary shares of 25p each			
- Number	-	997,776	2,753,291
- Year of grant	-	2016 - 2018	2015 - 2018

13. PENSIONS

- (a) The Company operates a UK funded approved Group Personal Pension Plan and an Irish pension scheme which are both defined contribution pension schemes. The Company's total cost for the year relating to these schemes was £1,866,000 (2018: £1,722,000).

In addition, the Company operates two defined benefit pension schemes; an approved funded arrangement, the Hammerson Group Management Limited Pension & Life Assurance Scheme ('the Scheme') and an unapproved unfunded arrangement.

The Scheme was closed to new entrants on 31 December 2002 and was closed to future accrual for all participating employees on 30 June 2014. The Company is expected to make contributions totalling £15,000,000 to the Scheme in the next financial year.

- (b) FRS101 disclosures

The FRS101 calculations have been carried out by an independent qualified external actuary and relate to the Scheme.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

13. PENSIONS (CONTINUED)

(c) Changes in present value of defined benefit pension schemes:

	Obligations £'000	Assets £'000	Net £'000
At 1 January 2019	(106,078)	69,825	(36,253)
Amounts recognised in the income statement			
- interest (cost)/income (note 4)	(3,028)	2,028	(1,000)
Amounts recognised in equity			
- actuarial experience gains	820	7,853	8,673
- actuarial losses from changes in financial assumptions	(9,468)	-	(9,468)
- actuarial gains from changes in demographic assumptions	574	-	574
	(8,074)	7,853	(221)
Contribution from employer		3,500	3,500
Benefits	3,360	(3,305)	55
At 31 December 2019	(113,820)	79,901	(33,919)
Analysed as:			
Present Value of the Scheme	(112,575)	79,901	(32,674)
Present Value of the unfunded scheme	(1,245)	-	(1,245)
	(113,820)	79,901	(33,919)
	Obligations £'000	Assets £'000	Net £'000
At 1 January 2018	(111,328)	71,719	(39,609)
Amounts recognised in the income statement			
- interest (cost)/income (note 4)	(2,859)	1,880	(979)
Amounts recognised in equity			
- actuarial experience losses	(843)	(4,514)	(5,357)
- actuarial gains from changes in financial assumptions	6,444	-	6,444
- actuarial losses from changes in demographic assumptions	(305)	-	(305)
	5,296	(4,514)	782
Contribution from employer		3,500	3,500
Benefits	2,813	(2,760)	53
At 31 December 2018	(106,078)	69,825	(36,253)
Analysed as:			
Present Value of the Scheme	(104,876)	69,825	(35,051)
Present Value of the unfunded scheme	(1,202)	-	(1,202)
	(106,078)	69,825	(36,253)

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

13. PENSIONS (continued)

(d) Principal actuarial assumptions used for defined benefit schemes:

	2019 %	2018 %
Discount rate on Scheme liabilities	2.1	2.9
Increase in retail price index	2.9	3.2
Increase in pensions in payment	2.9	3.2
	Years	Years
Life expectancy from age 60 for Scheme members:		
Male aged 60 at 31 December	27.5	27.7
Male aged 40 at 31 December	29.0	29.2

All defined benefit pension scheme assets are invested in pooled funds with around 30% invested in equity funds and 70% invested in funds targeting returns linked to but in excess of LIBOR as at 31 December 2019.

(e) Sensitivities to changes in assumptions and conditions:

<u>(Decrease)/Increase in net balance sheet liability of the Scheme at 31 December</u>	2019 £'m	2018 £'m
Discount rate +0.1%	(1.9)	(1.8)
Price inflation +0.1%	1.8	1.8
Long-term improvements in longevity 1.5% per annum	1.0	0.8
Asset value falls 5%	4.0	3.4

14. ADVANCES, CREDIT AND GUARANTEES

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

15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

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

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

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 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 Company's statement of comprehensive income or balance sheet.

The Company continues to administer and support the property activities of Hammerson plc and its group entities in the United Kingdom ("UK"), France and Ireland. Hammerson plc has interests in a significant number of property owning subsidiary undertakings and joint ventures. These entities have been affected by the recent Covid-19 pandemic.

In the UK, all shopping centres closed on 23 March and reopened on 15 June 2020, having complied with government safeguarding restrictions, with the exception of the Scottish assets which reopened on 13 July 2020. Since this date, some properties have been required to close temporarily, to comply with local lockdown requirements. A further lockdown period was also introduced in England from 3 November to 2 December 2020 and in Scotland from 20 November to 11 December 2020. Only retailers providing essential services and supplies continued to trade during the lockdown periods.

In France, the vast majority of stores were closed from 17 March 2020 under direction of the government. Three of the Group's centres reopened in mid-May, with the remaining centres opening at the start of June. A further national lockdown period was introduced from 30 October 2020, with only essential retail permitted to remain open. Shopping centres reopened on 28 November 2020, with the exception of cinemas and restaurants, which are expected to reopen on 15 December 2020 and 21 January 2021 respectively.

Apart from essential retail, tenants at the Group's Irish shopping centres had to close from 25 March until 15 June 2020 and again between 16 October and 2 December 2020.

The Company incurs costs on behalf of fellow group companies and recharges these companies on a cost plus margin basis. In addition, the Company has net current assets which consist primarily of amounts due from the ultimate parent company and fellow subsidiary undertakings. Consequently, it is not anticipated that the Covid-19 pandemic will have a significant impact on the Company.